

JPRS-SEA-90-021

16 JULY 1990



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# ***JPRS Report***

## **East Asia**

***Southeast Asia***

19990510 165

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# East Asia

## Southeast Asia

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16 July 1990

**[Erratum:** Change headline "Agricultural Tax Law Made Public," 902E0202A Hanoi NHAN DAN in Vietnamese 16 Mar 90 p 2 published in JPRS-SEA-90-018, 15 June 1990 to read "Draft of Agricultural Tax Law Made Public." Date in sourceline should read 19 Mar. Also, please include subslug as follows: [unattributed report: "Draft of Agricultural Tax Law"]]

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**Shan Representatives, Bo Mya Discuss Ethnic Politics, Drugs**

90WD0340A Bangkok SIAM RAT SAPDA WICHAN  
in Thai 13-19 May 90 pp 17-20

[“Scoop” column by Udon Wongthapthim]

[Excerpts] The Democratic Alliance of Burma (DAB) is composed of about 10 minority groups from throughout the country and independent political organizations. One of these organizations is the Shan State Progress Party (SSPP).

One stocky, fair-skinned man dressed neatly in a cream-colored short-sleeved shirt who was about 45-46 years old introduced himself to me as Chao Naw Muang, the SSPP representative to the National Democratic Front (NDF). He acted in a very respectful manner and was not at all arrogant. He treated me like a close friend and told me about his experiences in his long struggle. He said: “I was born in Mong Lang Koe in the southern part of the Shan State about 22 miles from Mong Nai. According to Shan custom, respected people are called ‘chao.’ This word is also used with senior military officers. For example, a major is called ‘chao han,’ a lieutenant colonel is called ‘chao suk,’ a colonel is called ‘chao suk luang,’ a major general is called ‘chom han,’ a lieutenant general is called ‘chom suk,’ and a full general is called ‘chom suk luang.’”

A person who is even more special is Khun Sa, who, using the Shan military terminology, is the “chom pong suk,” or “supreme commander” of the Muang Tai Army (MTA).

“I attended secondary school in Mong Loi Laem but quit before graduating to help liberate the country together with Num Suk Han, a Shan hero whose memory is so deeply embedded in the hearts of all Shans that there is a saying to the effect that ‘Num Suk was one of the first to die.’ His group was one of the first groups to try and liberate the Shan State.

“In 1965, there was a split within the group of Num Suk Han, and the group of Nai Kon Kho, or the Tai Independence group, gained power. At that time, I was carrying on military activities for Num Suk Han. I was assigned to the 3d Army, which was based in Mong Nong, which borders Mong Nai.

“I was responsible for the military zone there for about one year. In 1966, I helped establish the 6th Battalion of the Shan State Army (SSA). The War Council of the Shan State Army (WCSSA) was in command. Senior officials on the War Council included Chao Mae Nang Huan Kham, Khun To Ta, Chai Pan Lua Khan, and Chao Liet, the commander of the 6th Division. The headquarters was located at Mong Su in Mong Chang Subdistrict, that is, Sai Ban Mo, Mong Su, which is located east of the Pang River and south of the Khon River (or the Salween River).

“At the end of 1966, I traveled to Ban Piang Luang in Chiang Dao District in Thailand. At that time, there were a large number of Haw Chinese (KMT) [Kuomintang] troops in Ban Piang Luang. This was an important KMT camp. The forces of the Kon Kho group wielded much military influence and so the two group formed an alliance. The KMT leader at that time was General Lao Lee (Wan Hong) of the 3d Army. The 5th Army, commanded by General Lao Tuan, was based at Doi Mae Salong.

“On that occasion, I headed a force of more than 200 armed soldiers and went there as the guest of Kon Kho. In 1967, some of these forces returned to their original base, but I did not go with them. Instead, I served as SSA representative to Piang Luang.

“Those armed soldiers who returned did so according to the Victory Plan, which had been formulated previously. The commander of these forces, Chao Saeng Suk, did not return. Instead, he ordered Chao Kan Chet and Chao Han Lakhin, to lead the forces back to Chao Kon Choeng in the zone of operations at Mong Lai Kha and Mong Kung. They carried on mobile operations around various villages and did not set up a permanent base.

“At the end of 1967, I was transferred to the Office of the SSA in Chiang Mai. This office was in Chang Phuak Subdistrict between the Sahamit sawmill and the Chiang Mai Teachers College. My main duty was to foster unity among the Kon Kho group, the SSA, and the Chiang Tung (East Shan State—SHAE) group in order to have just one main organization. A National Union Committee was established. Other groups joined, too, but there was no mass base of support.

“I stayed in Thailand for about six months and then returned to the Shan State in 1968, passing through Piang Luang on my way to Mong Pan, Chiang Tong, Mon Nong, Mong Choe Si, and Si Po. I stayed in the Mong Si Po zone for two years.

“In 1971, the SSA, to which I was assigned, tried to establish a political party, the Shan State Progress Party (SSPP). I was put in charge of establishing this party. Others involved in this were Suai Wai, Chao Chang, and Yu Chin Tai. Yu Chin Tai served as the party secretary general.

“In 1973, Khun Siri, the first deputy secretary general of the party, was assassinated in Chiang Mai. In 1976, Chao Chang resigned from the party and went to live in Chiang Mai. Later on, he went to live in Canada.

“The leader of the SSPP at that time was Chao Saeng Suk. Chao Pun Tai was the first deputy leader, and Chao Sua Khan was the second deputy leader. We initiated negotiations with U Nu, who was making preparations to topple General Ne Win. These negotiations were held in Thailand. At that time, I was in the Shan State to hold negotiations with U La Phe, the head of the Pa-O National Organization (PNO).

"At that time, the Shan United Army (SUA) of Khun Sa was waging a fierce fight against Burmese government forces. Khun Sa's forces were also engaged in a fierce struggle against the KMT along the Lao border. In 1978, Sua Khan, the second deputy leader, was killed in a clash with Burmese forces in the forward zone.

"In 1980, the SSPP formed an alliance with the Palaung State Liberation Party (PSLP). In 1981, the party held its second plenum at Mong Kiu Hog along the border with Mae Hong Son Province. At the plenum, Lua Khian was elected party leader. Chao Saeng Han was elected secretary general. I was appointed to serve as a member of the party committee and Politburo. I was also made SSPP representative to the National Democratic Front and SSPP representative to the Democratic Alliance of Burma."

**[Interview with Gen Bo Mya, secretary general of the Democratic Alliance of Burma and president of Kawthulay at KNU [Karen National Union] headquarters at Manor Plo on 7 April 1990] [passage omitted]**

[SIAM RAT SAPDA WICHAN] In the coming election, if the Saw Maung government proposes peace negotiations, what will be the response of the DAB?

[General Bo Mya] We would not refuse to hold peace negotiations, because we know that the political problems can be solved using political means. We want to solve the problems, and so we would not refuse to hold negotiations. But one thing that we would demand is that the negotiations not be held in Burma. The negotiations should be held in another country in order to ensure our safety. The DAB also wants foreign representatives and UN representatives to serve as witnesses.

[SIAM RAT SAPDA WICHAN] Are there any hopes for the peace negotiations? If there aren't, what will the Karen National Union (KNU) do?

[General Bo Mya] We don't have great hopes for this. It would be stupid to lay down our weapons and surrender to the soldiers of the dictatorial government of Saw Maung in order to discuss democracy. We will have to discuss matters with other revolutionary groups first in order to formulate a unified political line. Because we all face various problems, including financial problems, pressure from abroad, the search for peace, and internal problems. We know that the people oppose the military government, and so we may decide not to negotiate if that serves our interests.

[SIAM RAT SAPDA WICHAN] Have you had any contact with other countries such as Germany, the United States, or Japan?

[General Bo Mya] We have tried to contact the leaders of those countries. But this is an internal problem. We have already contacted some countries.

[SIAM RAT SAPDA WICHAN] Attacks have been made on Karen military bases. What is the military situation like today?

[General Bo Mya] We are carrying on a revolution. We are waging a guerrilla war. We have to expand our forces in order to fight the government. We have been fighting for 40 years. We have much combat experience. We have weapons and equipment. But we haven't been able to change certain things. This is the main problem. Our area is limited (in the border area), and the enemy is willing to lose large numbers of men and weapons to seize our bases. We are now waging a guerrilla war and can move our military bases freely. We have a strong base of support among the Karen people. Regardless of where we go, the area is under our control. We can set up a camp in any village. We don't have to have permanent military bases. This is our military strategy and our combat tactics. We can establish a base anywhere for several months.

[SIAM RAT SAPDA WICHAN] What system do the Karens use to collect taxes?

[General Bo Mya] Even though the border here is very long, this does not pose a problem in collecting taxes to support our struggle.

[SIAM RAT SAPDA WICHAN] About how much do you collect in taxes each year?

[General Bo Mya] About 100 million baht.

[SIAM RAT SAPDA WICHAN] What is your view on the All-Burma Students Democratic Front (ABSDF)?

[General Bo Mya] When students fled to the Office of the Karen National Union, they joined the Democratic Alliance of Burma and began playing a role in our organization. They have received humanitarian aid. The DAB has given them much help.

The military government has tried to kill those students who have stood up and called for independence, freedom, and democracy. When the students came, the KNU and other organizations gave them a warm welcome and provided them with military training. We have trained them in guerrilla tactics. We must struggle for independence and for our survival.

There are different ethnic groups and so we must unite. We cannot split apart but must unite in the struggle in order to reach our goals.

[SIAM RAT SAPDA WICHAN] Would the Karens be willing to accept a state federation as a form of administration? This is a new concept, with the idea being to have the various minority states join together in a state federation.

[General Bo Mya] We know that everyone depends on the leaders, on religion and beliefs, and on the political leadership groups.

[SIAM RAT SAPDA WICHAN] Will the increase in trade between Thailand and Burma create problems for the DAB?

[General Bo Mya] After Thailand and Burma established close trade contacts and established good relations, what we have done is to try and understand the current situation. We know that the Thai government has good relations with the Burmese military government.

[SIAM RAT SAPDA WICHAN] Burmese troops are using Thai territory as a base from which to attack Karen military bases. This has weakened the Karens.

[General Bo Mya] Ha, ha (laughs). Thailand and Burma are neighboring countries. The Karen are fighting for independence.

[SIAM RAT SAPDA WICHAN] Is there any chance that the Thais will organize peace negotiations?

[General Bo Mya] Ha, ha (laughs).

[SIAM RAT SAPDA WICHAN] What are the DAB's plans after the election?

[General Bo Mya] The DAB will continue its struggle for democracy. If there is still no democracy after the election, we hope that the peoples of the world will realize that we are fighting for independence and democracy. We are waging a struggle to build a democratic government instead of a military government. We want peace to return to our country.

[SIAM RAT SAPDA WICHAN] The U.S. government has given aid to the Burmese government. How do you feel about this?

[General Bo Mya] In the past, the U.S. government helped the Burmese government suppress opium. The Karen and DAB do not support the cultivation of opium poppies. Today, the United States has stopped supporting the Burmese government in this sphere.

[SIAM RAT SAPDA WICHAN] A bridge will be built at Mae Sot to link Thailand and Burma. Will this affect the Karen and, if so, how?

[General Bo Mya] We don't know what effect this will have.

#### **What Will Happen When the Shan State Progress Party Unites With Khun Sa and Moh Heng?**

In the fight between the forces of the Saw Maung government and the Shan forces, it's not true that the minority groups are completely united. There are still conflicts among these groups. It's just that these problems have not yet led to major splits. But some of these problems, such as what happened at the end of last year and the beginning of this year, have thrown these groups into turmoil.

Last year, the SSPP experienced rather serious internal problems. The Sua Thaen group split away and established a separate group. It then opened peace negotiations with the Saw Maung government and established a seven-man committee composed of Sua Thaen, Pan Pha, Sai Hung, Ya Pi, Han Suk, Roi Mao, and Chao Kong Tai. All of these men have been very close friends for a long time.

The reason why Sua Thaen split away is that the Party Central Committee ordered two of his close friends, Sai Hung and Pan Pha, to go for rehabilitation for their opium addiction. Moreover, some of the Sua Thaen faction's forces were from the Burmese Communist Party (BCP), and this faction had close relations with the BCP. The role of the BCP declined when the Wa group, which is headed by Ta Ngi Lai, seized power from the BCP, and the Ko Kang group, which is headed by Mung Cha Sin, a communist of Chinese ancestry, split away, saying that it would no longer take orders from the BCP. As a result of this, the forces of the BCP dissolved, and the Sua Thaen group found itself without power and no role to play. Thus, it was forced to negotiate with the Saw Maung government.

On 31 December-1 January, Chao Naw Muang attended a meeting between the Khun Chai group, which is subordinate to the SSPP, and the Khun Sa-Moh Heng group of the Tai Revolutionary Council (TRC), which has a force of about 10,000 armed troops known as the Muang Tai Army.

Those at this meeting discussed joining forces in order to unite the Tai people in the Shan State and other groups in the Shan State. The TRC asked the others what they thought about the struggle between the TRC and the Red Wa forces of Ai Sieu Sua. The SSPP said that it opposes this conflict, because both groups live in the Shan State. This conflict will not benefit either side. Thus, the SSPP does not side with either faction. Instead of fighting, they should sit down and begin negotiating with each other.

The result of the negotiations between the SSPP and the Khun Sa-Moh Heng group was that both sides understood each other better, and relations between the two groups are better. But what is worth noting is that at this meeting, neither side mentioned the matter of narcotics.

#### **DAB Organization, Stance on Drugs**

90WD0340B Bangkok SIAM RAT SAPDA WICHAN  
in Thai 29 Apr 90 pp 16-19

[Excerpts] The Democratic Alliance of Burma, or DAB, is an alliance of various minority groups from throughout Burma and patriotic groups abroad. Its target is to oppose the military dictatorship. This organization was formed at a meeting organized by the National Democratic Front, or NDF, at the Clear Day Camp of the Karen National Union (KNU) on 14-18 November 1988.

This meeting took place in the wake of the suppression of students and other people following the coup staged by General Saw Maung on 18 September 1988. As a result of this, people looked for a way to unite in the struggle against the military dictatorship.

The groups that attended this historical meeting and that became charter members of the DAB included:

1. The All-Burmese Students Democratic Front, or ABSDF.
2. The All Burmese Muslim Union, or ABMU.
3. The Arakan Liberation Party, or ALP.
4. The Chin National Front, or CNF.
5. The Committee for the Restoration of Democracy in Burma, or CRDB.
6. The Karen National Union, or KNU.
7. The Kachin Independence Organization, or KIO.
8. The Lahu National Organization, or LNO.
9. The Muslim Liberation Organization of Burma, or BLO.
10. The New Mon State Party, or NMSP.
11. The National United Front of Arakan, or NUFA.
12. The Overseas Burmese Liberation Front, or OBLF.
13. The Overseas Karen Organization, or OKO.
14. The People's Liberation Front, or PLF.
15. The Pa-O National Organization, or PNO.
16. The Palaung State Liberation Front, or PSLF.
17. The People's Patriotic Party, or PPP.
18. The Shan State Progress Party, or SSPP.
19. The All Burma Young Monks Union, or ABYMU.
20. The German-Burmese Association.

Besides the organizations and parties mentioned above, a number of outside observers also attended the meeting.

During the meeting, a work committee was formed. The person elected president of the DAB was General Bo Mya from the Karen National Union. Mr. Prang Seng from the Kachin Independence Organization was elected first vice president, and Mr. Chawe Khayin from the New Mon State Party was elected second vice president. General Thawin from the People's Patriotic Party and U Tin Mong Win from the Committee for the Restoration of Democracy in Burma were elected secretary.

Several topics were discussed at the meeting, including toppling the military dictatorship, restoring democracy,

building peace and solidarity within the country, and establishing a Federal Republic of Burma. [passage omitted]

#### Way To Solve the Narcotics Problem

Prior to independence in 1948, Burma was not a major drug-producing country. Although some opium poppies were cultivated and small amounts of opium were used, this was not a major problem at that time. But the cultivation of poppies, the harvesting of opium, and the smuggling of narcotics has expanded greatly during the 26 years that the Burmese Socialist Program Party, or BSPP, has been in power. This reached a peak in 1989 and 1990. The growth in narcotics trafficking activities did not happen by chance. There are several clear reasons for this:

1. One is the great expansion of the civil war, which was ignited by Ne Win and Saw Maung. This expansion has led to an increase in the cultivation of opium poppies and in narcotics trafficking. In carrying on military operations to suppress the minority groups living in the Golden Triangle area, Ne Win and Saw Maung have sent forces to destroy the villages and food crops of the people. The villagers have had to abandon their homes and land and flee into the jungle, where they grow poppies in order to survive. This is because poppies are well-suited to the climatic conditions here. Thus, people have begun growing more opium poppies in the Golden Triangle.

2. Military commanders in the border areas, senior officials in the border areas, and senior officials in the Ne Win-Saw Maung government living in the capital have been involved in narcotics trafficking activities.

3. The aid received from international organizations to help control narcotics trafficking has been used for other things. Ne Win and Saw Maung have used this aid in the war to exterminate the minority groups and enrich themselves.

In the past, Burma was one of the richest countries in Southeast Asia. It had large quantities of natural resources. But because of the erroneous policies implemented by the Burmese government after Burma gained its independence, particularly under the dictatorial government of Ne Win's Burmese Socialist Program Party, Burma's economy has deteriorated greatly. Not only is it now one of the poorest countries in the world, but it is also one of the leading countries in the production and smuggling of narcotics. The government of Ne Win and Saw Maung must take responsibility for this.

Today, Burma produces more opium than any other country in the world. This is becoming a major problem for the world. For this reason, the narcotics problem is not just an internal problem. It is an international problem. In such a situation, it is essential that the narcotics organizations see the problem clearly. They must see that the illegal production and sale of narcotics



stems from the rise to power of Ne Win and his military friend Saw Maung. This is the basis for solving the narcotics problem.

1. The DAB will continue to oppose Ne Win and the Saw Maung military clique as long as the fundamental problems exist, that is, as long as the illegal cultivation of opium poppies and the export of narcotics continues under the dictatorial government.

2. The DAB is aware of the great danger that narcotics pose to the world. The DAB has implemented a program to try and eliminate narcotics from Burma. [passage omitted]

The DAB would like to affirm that it has the capabilities to implement the narcotics eradication program efficiently in accord with the targets.

[Interview with Tucha Manam, the deputy secretary general of DAB, on 5 April 1990 at DAB headquarters, Manor Plo]

[SIAM RAT SAPDA WICHAN] Is the DAB receiving support from abroad?

[Tucha Manam] The DAB is receiving aid and support from many organizations such as PAB, an organization founded in western Australia. Its headquarters is in Perth. We are also receiving support from various liberation groups in Burma.

[SIAM RAT SAPDA WICHAN] Are you trying to get the government of England to help solve the problems in Burma?

[Tucha Manam] We have tried, but it is very difficult to contact the government of England. It's as if they are no longer interested in what happens here. Two years ago, when Prime Minister Thatcher visited Thailand, foreign reporters asked her her views about Burma. Her response was that the government of England could do nothing with respect to the Burmese government, because Burma was an independent country. Her views were very different from what we wanted. Because Burma had been a colony of England for more than a century, the Burmese people hoped that the government of England would be able to help solve Burma's internal problems.

[SIAM RAT SAPDA WICHAN] More than the United States?

[Tucha Manam] Yes. England could do more to help solve our problems than could the United States, because England ruled Burma for more than a century. We feel that England must take responsibility for what has happened and help solve the problems that have arisen in order to bring democracy to Burma.

[SIAM RAT SAPDA WICHAN] What can England do to help?

[Tucha Manam] England is a very important country in Europe. This is clear from the fact that it is the leader of

the EEC. The country that is providing economic leadership is also a country that stands on the side of democracy. Even though the government of England has not publicly announced its support for the struggle for democracy in Burma, it has showed its intentions. This is evident from the demonstrations that took place in Burma last year. Mr. Geoffrey Howe, the secretary of state for foreign and commonwealth affairs, condemned the Rangoon dictatorship at a UN meeting. That was very good. That was different from in the past. In Burma, it can be seen that things have changed. There is no reason for us to criticize the government of England. Things are better today than in the past. In the past, everyone felt that England had abandoned Burma after granting us independence. We really felt that way. [passage omitted]

[SIAM RAT SAPDA WICHAN] After the election, what will the political situation be like?

[Tucha Manam] The DAB thinks that the soldiers will return to their bases and that a civilian coalition government will take the military's place. It may negotiate with the DAB concerning governing the country in a democratic manner. There may be negotiations on ending the fighting along the border.

There may be peace negotiations. We would be happy to negotiate though people whom we consider qualified to represent us. Thailand could be of great help in opening negotiations, and the negotiations could take place in Thailand.

General Chawalit Yongchaiyut once told Burmese government leaders that they must give rights and freedom to the minority groups. The Thai people and Thai officials have expressed sympathy for us. With respect to peace negotiations, we think that we can contact him.

After the election, sovereign power may be transferred to the people. There may be a democratic system of government. Today, more than 40 percent of the Burmese people know the real meaning of democracy and the methods of democracy. Everyone wants a truly democratic system. If a puppet democratic government comes to power, the people will know and not support it.

[SIAM RAT SAPDA WICHAN] How long have you lived at Manor Plo?

[Tucha Manam] Six years. I came to the Thai border in 1973 and joined the revolution in 1975.

[SIAM RAT SAPDA WICHAN] Prior to that, did you participate in any movements in Rangoon?

[Tucha Manam] No. I was active in the Kachin State. I joined the revolution in 1975. I have been at the Kachin headquarters for more than 10 years.

[SIAM RAT SAPDA WICHAN] What have been your duties at headquarters?



[Tucha Manam] In the Kachin zone, I worked at the hospital. After that, I was transferred to a combat unit for three years. I was then sent back here and again worked at the hospital. Occasionally, I have to travel to Chiang Mai or Bangkok in my capacity as secretary general. I have to sneak in and out of the country, but many Thai officials have been very kind to me.

[SIAM RAT SAPDA WICHAN] What do you think about the future of the DAB?

[Tucha Manam] We still need a front. The main mission of the DAB is to support the formation of a civilian government. Thus, the next step of the DAB is to support the formation of a civilian government that opposes the military dictators.

[SIAM RAT SAPDA WICHAN] Meaning the shadow government.

[Tucha Manam] In the past, the DAB, which was the U Nu government, did not have sufficient power, because it lacked the support of the people and students. But today, the DAB is well known among most of the people of the country. We are in a very good position to win.

[SIAM RAT SAPDA WICHAN] What about relations between the DAB and other countries?

[Tucha Manam] We are in contact with organizations in Burma that are independent of the government. We send

letters. And sometimes, if it's possible, we send people to establish contact and look for support. These units have given us much support.

[SIAM RAT SAPDA WICHAN] Have any official support agreements been signed?

[Tucha Manam] Yes. We have received commitments from various organizations, and they have given support. As can be seen, things are now very different with respect to the reputation of the DAB. Today, the entire world knows the DAB. In particular, following the slaughter of students two years ago, people living abroad learned what had happened and studied what had happened. Thus, today, what is happening in Burma is considered to be one of the leading political events in the world, and the United Nations is giving much attention to matters in Burma.

[SIAM RAT SAPDA WICHAN] What position do you hold in the DAB?

[Tucha Manam] I am the deputy secretary general of the DAB. General Bo Mya is the president. There are three vice presidents and one secretary general. There are committees that are responsible for various things. For example, there are committees for foreign affairs, commerce, and civil affairs.

[SIAM RAT SAPDA WICHAN] Do you administer the headquarters here?

[Tucha Manam] Yes, because the secretary general is not always present. He has to travel frequently. I am always here, and so I am responsible for looking after things.

## COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

### Khmer Rouge Freedom of Movement Described

42000093A Bangkok *BANGKOK POST* in English  
13 Jun 90 p 5

[Text] When Son, a 30-year-old Khmer Rouge official on the Thai-Cambodian border, went to visit his wife in southern Cambodia last year the journey took 17 days, less than half the time the same journey had taken a year before.

The story of his trip of some 300 km through jungle-clad mountains and along heavily guarded roads was among several indicators found during a visit this week along the Thai-Cambodian border that people and goods are criss-crossing Cambodia despite the fighting.

The war pits the powerful Khmer Rouge and their non-communist allies against the Phnom Penh government installed by Vietnamese forces in 1979.

Son, who described himself as a Khmer Rouge officer charged with liaison with Thai officials, was interviewed in a jungle hideout where he lives near Bo Rai.

But given the long history of Khmer Rouge guerrillas infiltrating most of Cambodia, perhaps more intriguing than his story was that of a middle-aged woman encountered in a settlement in Cambodia under the iron fist of the Khmer Rouge.

The woman said she had arrived in Phum Thmei, just across a canal marking the border near the Thai city of Aranyaprathet, from a Cambodian government-held area in the south of the country.

Neither her account nor that of Son could be independently verified and both accounts contained elements of frequently repeated Khmer Rouge propaganda.

Apparently undaunted by the brutal, anti-entrepreneurial background of the Khmer Rouge, whose rule over Cambodia between 1975 and 1979 left hundreds of thousands dead in the country's "Killing Fields," the woman was placidly selling traditional "sampot" silk skirts from a thatched-roofed hut.

The woman, who did not identify herself, said she had undertaken her 500 km trip from the southern Cambodian town of Takeo in an effort to locate a daughter lost during fighting in 1972.

Son, a wiry little man wearing the standard jungle-green shirt and baggy trousers of the Khmer Rouge guerrillas, said that Phnom Penh government soldiers hardly hampered his progress during the trip.

The trek of some 300 km as the crow flies took him down the remote Cardmon mountain range, and across Highway 4, one of Cambodia's most important supply lines.

His destination was a Khmer Rouge-controlled village he identified as Dong Thma, in the province of Takeo.

In 1988, the same journey had taken almost two months, Son recalled, suggesting that one reason for the difference in time was that the fighting spirit of government troops had lessened and that they controlled less territory.

Despite the claims by the Khmer Rouge official, a Cambodian Foreign Ministry spokesman said in late May in Phnom Penh that government troops had made major progress against the guerrillas during the February-March dry-season offensive.

The official said government forces controlled "93 per cent of the territory" of Cambodia and that the resistance only controlled a narrow swath of territory along the Thai border.

But in line with consistent Khmer Rouge statements, Son said that, contrary to its announcement of a troop withdrawal in September, Vietnam still maintained troops in the country.

Son claimed government units were bolstered by "six or seven Vietnamese for each 100 Cambodians."

The Cambodian Government has denied accusations that Vietnamese soldiers were still serving in the country although Hanoi has acknowledged it maintains advisers in Cambodia.

The sampot hawker in Phum Thmei, on the other hand, charged that government soldiers often detained ordinary people when they were travelling and extorted money from them.

She said she had not been held herself during her eight-day journey, first from Takeo to Phnom Penh, then along Highway 6, which runs through heavily Khmer Rouge-infiltrated areas to the north of central Tonle Sap Lake.

But she acknowledged she had on occasion been forced to give away a few sampots to government soldiers.

## STATE OF CAMBODIA

### Hun Sen Prospects Analyzed

42000092B Bangkok *THE NATION* in English  
19 Jun 90 p 8

[Excerpts] [passage omitted] Economic difficulty is eroding the Hun Sen government's popularity. Without drastic measures to manage a market-oriented economy, the economic outlook will be bleak.

The high inflation rate of the past six months has been felt strongly by the public. Prices of basic foodstuffs have increased at least two-fold since January this year.

In the central market, one egg now costs as much as 15 riels or one baht. The average salary of a Cambodian civil servant is 2,000 riels, or 130 baht per month.

The government plans to raise salaries by 30 per cent later this year, while scaling down the number of subsidized commodities for civil servants to essential items—sugar, rice, cooking oil, kerosene, cigarette and other items at a rate below the free-market prices.

Cha Rieng, governor of the National Bank of Cambodia, said that the priority of the next second five-year plan 1990-1995 must be focused on economic management to reduce inflation and increase tax revenue. A tax law was put into effect at the end of 1982, but it has not been fully implemented.

The government plans to introduce new legislations to control foreign currency exchanges in the next session of National Assembly next month, he said.

The governor admitted that the government would face a loss of public confidence if something was not done about the economy soon.

Divergent views also occurred among government officials as to what should be the appropriate ways to manage the fragile economy. While the central bank sees an urgent need to have some control over the economy, the Ministry of Finance advocated a hands-off policy, which at times encourages corruption among officials.

Without a clear consensus on the economic policy, decisions to implement have so far been delayed, which has attributed to the worsening of economic condition in the country, according to analysts in Phnom Penh. [passage omitted]

Compounding the economic difficulties is the political wrangling among parties within the Phnom Penh government.

At present, diplomats and analysts said that there are essentially four different political groups counterbalancing each other through patterns of cooperation and confrontation.

The first group is led by Chea Sim, chairman of the National Assembly. Chea Sim, who also serves as chairman of the mass-organization National Council of the Kampuchean United Front for National Construction and Defence, command respect from peasants in the countryside.

This group is committed to grassroots socialism and following the Marxist-Leninist approach to the development of the country. Out of necessity, it has sought to ally itself with the hard-line group led by Heng Samrin, the president of Cambodia, who remains at the top of the political hierarchy.

Diplomats here describe Heng Samrin as a figurehead, supported mainly by the Vietnamese communist veterans in Hanoi. Both Heng Samrin and Chea Sim would like to see reforms in Cambodia proceed slowly.

The mainstream, or pragmatic group, is represented by Premier Hun Sen, who remains a popular leader in Cambodia. By adopting more economic and limited political reforms, Hun Sen has gained wide support from the middle class in the urban areas. His group is made of some capable technocrats from the Lon Nol regime. Among them are Kong Som-ol, deputy prime minister for agriculture.

For the time being, Hun Sen's group has received unwavering support from another potentially powerful group—the intelligentsia. This group of late has become more independent and has demanded that the country quicken its pace of reform to catch up with changes in the world.

In all likelihood, this group could pose a direct challenge to Hun Sen and conservative groups in a free election. At present, the Phnom Penh government needs the support of the intelligentsia.

Discussions with some of these leaders suggest they support French-style bourgeois democracy and want to see Cambodia open to the world.

If anything, recently published reports of the arrest of Minister of Transport and Communication Ung Phan and other persons on charges of holding political meetings was only the tip of the iceberg.

Analysts in Phnom Penh said the arrests were aimed at reminding other similar groups, specifically the intelligentsia—which could be considered political dissents—that the current government would not tolerate any challenge to central authority, especially at this point. Any political activities, the current leadership perceives, would favour the enemy. [passage omitted]

Cheam Saguon, the deputy justice minister, is widely believed by diplomats here as the leader of the intelligentsia, who comprise academics, artists, journalists, lawyers and economists. Cheam is an expert in international laws and is very close to Hun Sen, who last week named him one of the six representatives that will make up the supreme national council from the Phnom Penh side. [passage omitted]

Cheam, 66, also has established wide contacts in Western countries, especially with the Cambodian residents in France, Eastern diplomats and international aid workers. There is a close link between the well-known overseas Cambodian intellectuals, particularly Vandy Kaon, who chose to stay away from Cambodia since last October.

Those who have met Cheam say he has pragmatic ideas identical to Hun Sen's but is eager to see more political reform inside Cambodia.

At the moment, the intelligentsia's support of Hun Sen acts as countervailing force against pressure from the conservative groups of Chea Sim and Heng Samrin. However, this elite group could be the rally point for the Western countries to challenge the old power wielders in Cambodia.

Diplomats here say that as the prospect of peace increases, the various political groups are gearing up for the general election that will come after the Phnom Penh regime and the resistance settle their differences.

Non-military factors such as the rampaging inflation and growing dissatisfaction among the population could have a far greater impact than the results in the battlefields. Without any peace settlement that will draw in foreign assistance and broaden contacts to improve the economic condition, the current government in Phnom Penh is fragile.

It comes as no surprise that Hun Sen has called for the implementation of a ceasefire and reconvening of the Paris conference on Cambodia as soon as possible. But even with strong outside political support—which has yet to translate into domestic strength—Hun Sen's position is not secure, because economic factors are likely to be crucial in any future election. [passage omitted]

#### **Siem Reap Official Comments on Economy, Development Plans**

42000092A Bangkok *THE NATION* in English  
12 Jun 90 p 8

[Text] The Cambodian province which serves as the site for the world-famous Angkor Wat is gearing up for a boom in tourism and industry.

Um Phal, the provincial vice governor, said efforts are continuing to build more hotels, improve the infrastructure of roads and utilities and train personnel to serve in the tourist industry.

Almost half of the 4,500 tourists who visited Cambodia last year came to see Angkor Wat, Um Phal said. They contributed about 20 million riels, or 1.3 million baht, to the local economy.

"That amount could be increased a lot if we had better hotel accommodations here," he said.

To cash in on the potential end to the 11-year-old Cambodian conflict and on the temple, provincial authorities here have permitted the construction of two more hotels—the first by a Thai firm, Vannachai Group, and the second by Accord, a French hotel chain.

The former vacation home of Prince Norodom Sihanouk, which stands beside the Grand Hotel, has been redecorated and repaired to provide additional beds for tourists.

Siem Riep translated means "Siam defeated." During Thailand's invasion of Cambodia in the 12th century, King Thevathiraj, the younger brother of King U-thong, the founder of Ayudhya, was defeated in battle by a Cambodian warrior, King Vichayvoraman.

Since the mid-1980s, Siem Riep has been the target of takeover by the Khmer Rouge, the strongest of three resistance factions opposing the Phnom Penh government. Reports of guerilla attacks had been commonplace up until a year ago.

But lately, the situation in the province has been calm, according to residents and representatives of international aid organizations. New buildings are being constructed to replace old ones.

Moreover, Angkor Wat was declared off-limits to hostilities in Tokyo last week when Sihanouk and Phnom Penh Premier Hun Sen signed a joint communique that could lead to a ceasefire in the war-torn country.

To keep up with the expected influx of tourists, Um Phal said authorities were encouraging local residents to study foreign languages.

The 30 to 40 small private schools in the area are teaching English, French and Thai.

Studying Thai has received a great deal of emphasis in the province, said Hao Sothe, director of Angkor Tourism.

Thailand briefly occupied Sisophon, Battambang and Siem Riep provinces during World War II when it sided with Japan. Many survivors of that era are passing the Thai language onto their descendants.

Japanese tourists comprised the largest group of visitors to Cambodia last year followed by the French, West Germans and Italians.

Besides encouraging the study of foreign languages, Um Phal said authorities plan to improve supplies of water and power and fix up roads that are in poor condition, especially the route to Angkor Wat and Angkor Thom.

Part of the long-range scheme to upgrade the transportation system and bring in more tourists involves reopening highway and railway routes between Thailand and Cambodia. Siem Riep is only 200 kilometres from Thailand's Aranyaprathet.

"With assistance from Thailand, we can move ahead," he said.

Other leading sources of foreign exchange for the province are exports of lumber and baby crocodiles to Thailand and other countries.

The province earned about 17 million riels last by exporting the crocodiles, which are raised on Thai farms and then slaughtered for their skin and their meat. Authorities here expect those exports to rise to 50 million riels this year.

**President Calls for Adherence to Pancasila***90SE0064A Jakarta KOMPAS in Indonesian 13 Jun 90  
p 1*

[Text] Bogor, KOMPAS—Pancasila is an open ideology, and for that reason its implementation must always be revitalized creatively and dynamically. Otherwise, Pancasila will become a frozen ideology that cannot respond to the challenges of the age. We have seen that closed, frozen, and inflexible ideologies ultimately collapse from within, because they can no longer respond to the challenges of the age and are deserted by their followers.

President Suharto made this statement as he opened the Seventh Class of Manggala Candidate Upgrading at the Bogor Palace on Tuesday [12 June].

The upgrading, which lasts until 10 July, is attended by about 101 representatives of government employees, ABRI [Indonesian Armed Forces], universities, mass organizations, political parties, Women's Civic Mission, professional organizations, and youth functional organizations. Also present at the opening ceremony yesterday were Mrs. Tien Suharto, Vice President and Mrs. E.N. Sudharmono, National BP7 Chief [Pancasila Indoctrination Board] Oetoyo Oesman, SH [Master of Laws], West Java Governor Yogie, SM [Bachelor of Arts], and other senior government officials.

The president said, "We have emphasized Pancasila as an open ideology and national development as the practice of it. All of this represents a great accomplishment for us in the implementation of political development."

**Difficult and Critical**

The head of state also said Indonesia is now living in the midst of great, dynamic changes. These changes are being felt in Indonesia's national development and are occurring everywhere in the world.

"Therefore, we must increasingly strengthen our loyalty to Pancasila. Otherwise, we will be tossed about by these dynamic changes," the president said.

The head of state also repeated his earlier appeal regarding the new phase, the takeoff phase, that will begin in REPELITA VI [Sixth 5-Year Development Plan]. He said that the takeoff will be a difficult and critical phase and will get underway soon, just a few years from now. "Some nations have succeeded and some have failed in the takeoff process," he said.

According to the president, Indonesia will successfully enter the takeoff process if the runways in all sectors of life are strengthened and support each other in a balanced way. If one sector lags behind, the entire foundation of development will be weak as we enter the takeoff process.

He also said that although the emphasis of Indonesian development is economic, the ideological, political, social, and defense and security sectors are not being

ignored. If economic development progresses but political development falls behind, political instability will result, and even economic development will come to a halt.

Therefore, the president said, political development must be conducted continuously, particularly the enhancement of political awareness on the part of the people. "The P4 [Guidelines for the Implementation of Pancasila] Upgrading we have been conducting is an effort toward this enhancement of public political awareness, especially with regard to the rights and duties of responsible citizens," the head of state said.

**Threat of Marxism**

Minister of State and State Secretary Murdiono said in his speech following the opening ceremony that although the bankruptcy process of Marxism-Leninism/communism can be seen everywhere, we cannot yet entirely ignore the threat of this ideology. "North Korea and Cuba are still zealous followers of communism," Murdiono said as he explained the ban against Marxism-Leninism/communism.

He cautioned that at the "instrumental value" level, the openness of Pancasila ideology does not mean that Indonesia opens itself to the communist perspective. "On the contrary, it forces us to be alert to our weaknesses lest, knowingly or not, we adopt a Marxist-Leninist/communist perspective, doctrine, policy, or strategy," he added.

One characteristic of that philosophy, Murdiono said, is its perspective on permanent contradictions, on not resolving a conflict until one or other of the combatants is completely destroyed. "Another characteristic that we must be alert to is its approval of any method for achieving its goal," Murdiono said.

**Suharto Welcomes \$4.5 Billion IGGI Aid***90SE0064B Jakarta KOMPAS in Indonesian 15 Jun 90  
p 1*

[Text] Sungai Guntung, KOMPAS—President Suharto is pleased with the outcome of the IGGI (Inter-Governmental Group on Indonesia) meeting, which decided to provide aid totaling \$4.5159 billion, or 8.309 trillion rupiah (based on Thursday's [14 June] exchange rate of 1,840 rupiah per dollar), which is \$15.9 billion more than Indonesia requested.

Finance Minister J.B. Sumarlin said this in reply to press questions during a break in the inauguration of 131 food processing plants at Sungai Guntung, Indragiri Hilir, Riau, on Thursday. He added that he had reported the results of the 33d IGGI Meeting to the president during the president's trip from Jakarta to Batam on Thursday morning. The meeting took place at The Hague in the Netherlands on 12-13 June.

During the meeting, 13 IGGI member countries committed \$1.9713 billion in aid, and five international

bodies helped with \$2.5446 billion, bringing total aid to \$4.5159 billion. Several IGGI member countries, including Denmark, Italy, Finland, Norway, and Sweden, have not yet determined the amounts of their assistance.

Of the total, \$1.2778 billion is in the form of the special aid very much hoped for by Indonesia. This special aid can be immediately converted to rupiah for financing development projects while at the same time strengthening Indonesia's foreign exchange reserves.

### Hard Work

The president said that the IGGI assistance enables implementation of development plans for 1991. "It is up to us to enhance the implementation of it," the head of state emphasized. The president also noted the importance of hard work to our development efforts, including control and supervision.

Sumarlin acknowledged that the IGGI special aid of \$1.2 billion is lower than last year's figure of \$1.8 billion. "The total complies with Indonesia's request, however," he stated.

As for the possibility that special aid may be eliminated next year, Sumarlin said with a smile, "The matter will of course be studied carefully." He added, however, that this special aid from donor countries cannot go on forever, because their capabilities are limited.

Sumarlin explained that IGGI assistance will be used to finance the following, among other things: rehabilitation of 16,000 hectares of smallholder tea groves and their processing plants in West Java; irrigation construction; creation of paddy fields and development of farmer groups in 13 provinces; rehabilitation of the port of Ujung Pandang; improvement of social and economic conditions of transmigrant families in seven provinces; construction and expansion of farm technology middle schools to improve the quality and capabilities of trained mid-level personnel; construction of the Kotapanjang hydroelectric plant; improvement of telecommunications maintenance facilities in Sumatra, Java, and Sulawesi; improvement of public health and nutrition; development of health care management; procurement of raw materials for contraceptive tablets; urban development in middle-sized cities; rehabilitation of radio and television facilities in East Indonesia; and the creation of 20,000 hectares of rattan groves in Central Kalimantan and Southeast Sulawesi.

### Consistent With Needs

The subject of IGGI aid also brought comments from economists, businessmen, and DPR [Parliament] members.

Prasetya Mulya Management's executive director, Dr. Djisman Simandjuntak, said the \$4.5 billion is consistent with Indonesia's current macroeconomic needs. The reduction in special aid is not a problem, since the

government's ability to finance investments is on the rise. We must be careful, however, to see that the current account deficit does not exceed \$2 billion.

The \$4.5 billion in aid meets Indonesia's need for funds in 1990-91. "The principle is that IGGI and non-IGGI aid, plus other capital, must be the same as the current account deficit, debt installments, plus increased foreign assets," he said. "There is now no problem with any of this, as long as the macro performance of the economy remains excellent."

Rising exports plus growing foreign and domestic investments are positive indicators of Indonesia's economic growth. "Foreign investment in the form of portfolios is continuing to come in," he asserted.

The capability of the government to fund projects is also on the rise because of greater tax revenues and an oil income that is above target. Oil prices are higher than projected in the APBN [National Budget]. "This does not include the balance from last year, and BBM [petroleum fuel] subsidies are compensated for by the recent price hike," the CSIS [Center for Strategic and International Studies] economic observer added.

His conclusion is that the government is in a far better condition for rupiah financing of its projects, which up to now have been supported by special aid. "It is natural that this special aid should be reduced, for we do not need as much as before, and government funds are growing," Djisman explained.

We must be very careful about the current account deficit in the future. "It has now reached \$2 billion, and it must be pushed down below that figure; and new foreign investments must approach \$1 billion," he said.

The way to do this is clear: Keep imports down, and expand exports. "To keep imports down, financial policies must be tightened, for our rapid investment growth and recent business deregulation will push imports up," the economic observer said. "As far as possible, however, reduction of this deficit should be accomplished through expanding our exports and not by cutting imports."

Simandjuntak is confident that, within certain limits, this tightening of monetary policy will take place. "A lot of liquid credit will be pulled in," he explained. "The interest level needs to be kept from falling any lower in order to prevent a flow of capital out of the country. It is not a problem, because the government has better options than, for example, in 1986."

### Domestic Considerations

According to the deputy general chairman of the Indonesian KADIN [Chamber of Commerce and Industry], Iman Taufik, the reduction in Japanese special aid was more a result of Japanese domestic considerations. These include a decline in the trade surplus the Japanese have always enjoyed, which was a result of pressure from



trading partners such as the United States. "Japan may also be turning its face toward Eastern Europe," said the owner of Gunanusa Group.

Nevertheless, the amount of IGGI aid received by Indonesia generally did not deviate from earlier projections. The problem for KADIN, Iman Taufik said, is what was said in the IGGI meeting about efforts to fight poverty and bring about even distribution. "Besides the immediate need for 'company act' legislation, every company, especially the big ones, should be 'transparent' in how they provide room for conduct of business by little people," he stated.

As an example, the KADIN deputy general chairman cited the fact that a person owning cash capital of 500 million rupiah is certain to have problems doing business in Jakarta, because, for all practical purposes, room for his business does not exist. "He will lose money if he opens a store or retail business, because he has to compete with the big companies," he said. What is important to Iman Taufik, therefore, is how to establish sectoral policy and, especially, how to implement it. The matter of financing such capital is no longer a problem, but it is up to each bank to be effective in channeling the funding.

Meanwhile, the executive director of Danamon Bank, Jusuf Arbiyanto, commented on IGGI concerns about Indonesian monetary policies, which make banks expand but in the end will increase inflation. He said that actually there is no need to worry about this. "It's only natural. It's the consequence of efforts toward growth, in which banks must in fact be made to expand more. The important thing is that this should be accompanied by suitable policies for controlling inflation," Jusuf stated.

How to conduct this inflation control, according to Jusuf, is entirely up to the government. In this matter, the government should put up "traffic signs" for banking mechanisms so that the banks can be more intensive and selective in seeking and channeling funds. Banks should also have a role in combating the effects of special aid reduction. "Each bank should be truly selective in choosing projects eligible for financing, so that they do not waste foreign exchange," he said.

According to Jusuf, banks can have a bigger role in the priority programs of overcoming poverty and effecting even distribution, as emphasized by the IGGI. They can do this by, among other things, expanding their marketing to the provinces rather than merely concentrating on the financial centers. Such distribution will support sectoral farm policies as suggested by the IGGI, because farm activity is in fact at the village level.

DPR comment was expressed by Abdullah Zaini, SH [Master of Laws], deputy chairman of the F-KP [Functional Group Faction] for the economic and financial sector, and F-PDI [Indonesian Democratic Party Faction] leader Aberson Marle Sihalohe. Both emphasized

that, in anticipation of future elimination of special aid, the government should work harder to increase tax revenues.

### **Sudharmono Comments on Poverty, Income Distribution**

*90SE0065B Jakarta ANGKATAN BERSENJATA in Indonesian 14 Jun 90 p 6*

[Text] Ambon, ANGKATAN BERSENJATA—Vice President Sudharmono believes that, although we have increased state revenues, we must admit that nationally there are still members of the community who live below the poverty level.

The vice president presented this evaluation on Wednesday afternoon [13 June] as he led a Maluku Province Official Meeting at Balairung Siwa Lima, Ambon. The meeting was attended by Minister of Public Works Radinal Mochtar, Minister of Communications Azwar Anas, Maluku Governor S. Soekoso, PANGDAM [Commander of Military Region] VIII/Trikora Major General Abinowo, and other officials.

"Indeed, Indonesia has been able to increase state revenues, but this must be followed by even distribution, for nationally there are still people living below the poverty level," the vice president said.

Actually, we achieved even distribution in a macro sense during REPELITA IV [Fourth 5-Year Development Plan]. The situation must be stabilized, however, in parallel with efforts to improve incomes nationally.

According to the vice president, one of the efforts being made toward even distribution is the adoption of a policy on village development assistance. Another is to give the widest possible opportunity for women to take part in development, remembering that a woman's potential is no less than a man's.

### **Most Dynamic**

The vice president also said that growth and even distribution must be spurred on, for when these two goals are reached they will guarantee national stability. The expediting of even distribution will prevent social imbalance and thus assure dynamic stability.

Our national stability is something we can be proud of, for it has been tested by the practice of democracy and is the most dynamic in the world. National stability is a mandate of the people and one of the points of the Development Trilogy. The other two points of the trilogy are growth and even distribution.

He said the resilience of national stability has been tested through our 25 years of development. Stability can continue to be maintained and its dynamics felt as the national economy grows, despite the fact that the world is being pounded by a number of problems that impact on economic growth.

We will adhere to the Development Trilogy in implementing development; although, when satisfactory growth has been achieved, we will need to give more emphasis to even distribution for a certain period of time.

#### Special Attention

The vice president asked that special attention be given to follow-up actions on BPKP [Finance and Development Oversight Board] findings regarding finances in Maluku Province, because only 12 of the 235 findings have been resolved.

The same is true of community complaints submitted via Post Office Box 5000. Of the 500 complaints received and examined, 120 need to be processed and resolved by the Maluku Regional Government, but only 30 have been finalized.

During the meeting, the vice president also presented 50 million rupiah in aid for victims of the earthquake at Mount Gamalama in Ternate, North Maluku. The assistance was accepted by Governor S. Soekoso.

#### 'Don't Be Immobilized'

During his working visit to the Ambon port, the vice president urged officials of the Maluku Regional Office of the Department of Communications not to be immobilized by current limitations in funds while there are challenges to be faced and overcome.

He also urged all echelons of the department in Maluku to improve their discipline, coordination, and oversight, remembering that communications, especially sea communications, are a basic and determining factor in the progress and success of development in other sectors.

The vice president asked for interaction among sectors as development is implemented. Furthermore, ships must arrive on time at the places they serve, even if they call only once every two weeks.

The chief of the Maluku Regional Office of the Department of Communications, P.J. Usup Wijaya, said in his report that 90 percent of Maluku's area is sea. He reported that sea communications facilities consist of the following: a national shipping fleet of 17 units (43,517 DWT [deadweight tons]), local shipping of 51 units (14,339 DWT), people's shipping of 44 units (4,474 DWT), pioneer shipping of three units (2,250 DWT), and special shipping of 247 units (224,382 DWT).

Meanwhile, Mrs. E.N. Sudharmono, who accompanied the vice president on his 2-day visit to Maluku, yesterday met with the heads of Maluku women's organizations at the Baileo Building in Ambon and visited an exhibit of Maluku handicrafts at the Dharma Wanita Building in Ambon.

#### IGGI Hails Efforts To Reduce Poverty

90SE0065A Jakarta KOMPAS in Indonesian 13 Jun 90  
p 1

[Text] The Hague, KOMPAS—The Indonesian Government is being praised for reducing poverty, but additional efforts are needed to raise the standard of living of the poor, who still number more than 30 million.

In the annual meeting of the IGGI (Inter-Governmental Group on Indonesia), which opened on Tuesday [12 June], Netherlands Minister of Development Cooperation J.P. Pronk praised the Indonesian government's adjustment policies, which brought Indonesia out of difficult years in the 1980's and at the same time reduced poverty.

Pronk, who called this an "amazing fact," held up Indonesia's success as an exception among developing countries.

"Whereas in many countries structural adjustment actions have been followed by increases in poverty, Indonesia was successful between 1984 and 1987 in reducing the proportion of people living below the poverty line from 22 percent to 17 percent. In absolute figures, this means a decline from 35 million poor people in 1984 to 30 million in 1987," he said. He added that this success is even more amazing when seen in the long-term context. In 1970, 60 percent of Indonesians were believed to be living below the poverty level.

"Exact figures and percentages may be debated, of course, but the trend cannot be denied. The trend is downward, very much downward," he said.

The same thing was noted by other delegates, who generally cited Indonesia's experience as a good illustration of the fact that structural adjustments to economic growth can be conducted successfully. Besides reducing dependence on oil and natural gas and strengthening the nonoil economic sector, deregulation produced a high rate of growth that created jobs and reduced poverty.

"It is very amazing that a high rate of economic growth was achieved even as major adjustment steps were being taken. At the same time, a reduction in poverty occurred, both in percentage and in absolute figures," said UNDP [United Nations Development Program] delegate G.M. Magdi.

"Probably even more impressive than the progress made in reducing poverty between 1970 and 1984 was the decline in poverty from 22 percent to 17 percent between 1984 and 1987. This was a period in which falling oil export revenues forced the government to adopt severe adjustment measures," said U.S. delegate D.N. Merrill.

#### Further Action Needed

Although, on the one hand, all donors generally acknowledged progress made by Indonesia, they, along with the Indonesian delegation, admitted that further action is

still needed. Some delegates asked about the quality of life and distribution of people who are no longer poor.

IGGI Chairman Jan Pronk feels that further reduction in poverty requires additional steps in meeting the needs of the poor in areas such as education, health, family planning, drinking water supplies, and sanitation. These are specified in REPELITA V [Fifth 5-Year Development Plan].

Pronk said approaches aimed more at fighting poverty must incorporate special efforts to help poor farmers, give high priority to providing an extensive basis for economic growth, and make adequate budget allocations for primary education, health, and social goals.

Pronk recommended that donors give more aid for financing the projects mentioned above than for financing projects that may exacerbate unfairness in income distribution. "The right not to be poor is the most basic human right," he said.

Pronk also stressed the importance of broad community participation in the development process, a matter in which MENKO EKUIN [Coordinating Minister for Economics, Finance, Industry, and Development Control] Drs Radius Prawiro strongly concurred.

"Broad community participation in the development process is essential to uninterrupted development and reduction of poverty. If the development process is not accepted and supported by all citizens, the results will be counterproductive," he said. In this connection, he stressed the importance of the preamble to the GBHN [Broad Outline of State Policy] and the parts of REPELITA V that discuss the government's role.

### Big Challenges

The chairman of the Indonesian delegation, MENKO EKUIN Drs Radius Prawiro, pointed out in his remarks the challenges still facing Indonesia. One of the biggest challenges is how further to reduce the poverty of about 30 million Indonesians classified as living in absolute poverty.

"Clearly, this is the biggest challenge to Indonesian development, especially because Indonesian development has three targets, namely fairness, growth, and stability," he said.

According to the MENKO EKUIN, Indonesia's success in reducing poverty, particularly during the adjustment period, was because of two factors. The first was the fact that development efforts made before the fall of oil prices were directed toward creating a strong village economy and constructing a strong social and physical infrastructure, including elementary schools, public clinics, village roads, irrigation, and flood control. The second factor was related to the fact that economic restructuring and government adjustment policies incorporated elements aimed at reducing poverty.

The MENKO EKUIN also pointed out that the achievements that have been made, particularly in reducing poverty, would not have been possible without the adjustment policies followed since the early 1980's. These adjustment measures, as well as those recently adopted in trade, industry, agriculture, and health, would not have been successful without the help of donor countries and multilateral organizations, he said. He added that with early support, especially in the form of aid that could be used quickly, Indonesia was able to maintain adequate domestic economic activity and stable capital markets while retaining investor confidence.

Despite the progress made, Indonesia still faces a number of challenges. Because of expanded economic activity growing out of the deregulation adopted several years ago, imports, especially machinery, have risen sharply. This has put pressure on the balance of payments and foreign exchange reserves in the near term and causes Indonesia to need special aid.

Foreign aid is also needed to maintain the momentum of development, particularly for infrastructure for the private sector and for further reducing poverty.

"Therefore, we truly hope that this meeting will give favorable consideration to World Bank estimates of Indonesia's need for soft foreign aid, particularly special assistance," the MENKO EKUIN said.

### Attorney General on Communism, Corruption

90SE0065C Jakarta KOMPAS in Indonesian 15 Jun 90 p 3

[Text] Jakarta, KOMPAS—Certain people are still trying to disseminate Marxist and Leninist teachings. They tend to use refined and disguised methods, such as discussions and distribution of books containing teachings that are prohibited in Indonesia.

Attorney General Sukarton Marmosudjono said this in a working meeting with DPR [Parliament] Commission III on Thursday [14 June]. The attorney general said that although the PKI [Indonesian Communist Party] is banned, there are still efforts in some circles to revive communist philosophy.

A subversion case in Yogya, for example, was proof of this. "Indeed, at a glance it appeared that he only distributed books or held discussions," Sukarton said. The books he distributed, however, were not just any books. When these books were examined carefully for their implications, they were found to contain dangerous teachings. The distribution of these books actually has been prohibited by the Attorney General's Office, he said.

Sukarton said further that prosecutors will take firm action against those who try to undermine the legal national ideology. "If the prosecutor had not adopted a firm position, that student might not have been tried,"

Sukarton said. When processing of the case began, he received several letters asking that the student be released.

Sukarton pictured the letters as touching directly on humanitarian issues. The writer of the letters tried to invoke the critical conditions of the suspect's family, saying that they were just getting by and claiming that the student's book sales were for economic reasons.

According to Sukarton, discussions are another way that communist philosophy is disseminated. Naturally, participants are not invited to receive communist teachings explicitly. When the discussion material is analyzed, however, it is found to contain such teachings. One example is a study of class differences in society.

#### **Civil Suits**

Responding to a number of questions by DPR members about efforts to stamp out corruption, the attorney general said that situations very conducive to corruption have been found in some agencies. In the public service sector alone, 22 such areas have been noted. Examples are issuance of building permits, telephone installation, and handling of other types of permits.

Other sensitive areas are found in projects such as those related to elections, construction of houses of worship, book procurement, and social assistance.

The attorney general said his office is steadily expanding efforts under existing law to minimize loss to the state. In trying criminal cases, prosecutors are demanding repayment of losses. The claims are treated as debts and will be passed on to heirs of the accused until debts are repaid.

He said that civil suits are also being used. In East Kalimantan, for example, 14 contractors are threatened with suits for repayment of 12 billion rupiah.

These suits relate to improper implementation of projects. Prosecutors try negotiations before the cases go to court, however. "As a result, three of the contractors have fulfilled their responsibilities, and six others have declared their willingness to do so. Three have not responded, and the whereabouts of two others are being sought," Sukarton said. From these negotiations, 788 million rupiah in government losses have been recovered.

As in the previous working meeting with the attorney general, the spotlight was on the corruption issue. Commission member Albert Hasibuan asked about the implementation of KEPPRES [Presidential Decision] 22 of 1970 on registration of personal assets by government officials. "To what extent has it been implemented, since no other regulation has rescinded the KEPPRES?" Hasibuan asked.

**Defence Agency in Economic Work on Cambodia Border***90SE0063D Vientiane PASASON in Lao 27 Apr 90 p 2*

[Excerpts] "Mounlapamok" is a district affiliated with Champasak Province. It is situated on the right side of the Mekong River. It borders Cambodia in the South-west and Thailand on the West. [passage omitted]

It has abundant natural resources; it has dense forests full of forest products and many streams flowing through swampy areas so that agriculture and forestry can be expanded, and it can be developed into a new economic area. [passage omitted]

At the end of 1989 they began to collect data and clear for the new economic area. The Development Enterprise for Agriculture, Forestry and Industry (DAFI), which was set up by the Defence Ministry was responsible for the project. The surveying and initial clearing is basically completed; the areas for crops have been specified—the goal was for an area with many ponds—and there are more than 1000 hectare which can be used for agricultural production. This was to be primarily rice with various starchy crops secondary. Animal husbandry has been specified for the area of Ban Thakho Village and Ban Non-euang Village; this includes an area of about 800 to 1,000 hectare which can be used in its natural state. They will contract with families which volunteer to raise the livestock. [passage omitted] The international organization "HCR" provided assistance of \$74,500. There is a plan to clear 160 hectare for new rice fields in the area of Ban Kouai Village at a cost of \$40,000. In addition they have surveyed for an agricultural school in the area of Mounkao District to serve as a center for testing seed.

In addition enterprise officials have plans for more construction in the district. For example in 1990 they will help build a political office, a guest house, a hospital, and sites for building houses for the people of Ban Kouai Village. They will build the new town of Thevada. They will also assist Mounlapamok District and Soukhouma District to build up their saw mills into towns. Enterprise officials will provide investment funds and specialists to help provide two passenger vehicles and one 30 ton transport ship. [passage omitted]

**Xieng Khouang Trade with SRV, Illegal Private Sector***90SE0063A Vientiane PASASON in Lao 28 Apr 90 p 1*

[Text] According to the report of the person responsible for the industrial, commercial and foreign economic relations service of Xieng Khouang Province to the provincial commercial congress for 1989-1990, which was held at the beginning of this month, the commercial activity of the province had been strengthened and expanded. Both the commercial activities of the state and the private sector were being well administered.

There were more than 400 business enterprises throughout the province, which was about 53 percent

more than in 1988. The volume of trade in 1989 was more than 990 million kip, which was 39.24 percent greater than 1988.

In addition commercial activity with other countries expanded and became more successful, especially the bartering with the comrade province of Nghe Tinh in the SRV and the commerce of the people along the border with the PRC. The imports for 1989 totaled more than 302 million kip, and of this four-fifths were made by the private sector. Exports amounted to more than 390 million kip, which was more than double that of 1988.

The person responsible for these activities felt that in the past year there was still private sector trade which was conducted illegally or was not even recorded. As a result there was greater competition and a number of the state enterprises and collective enterprises were not able to conduct business.

In 1990 the provincial trade [service] was to conduct its domestic purchasing with the goal of exporting more than 680 million kip. It would strive to fulfill its obligation to the state in the amount of 106 million kip and would reduce its imports.

**Xaignabouli Enemy Activity, Security Forces Strength***90SE0063B Vientiane PASASON in Lao 1 May 90 p 3*

[Excerpts] Xaignabouli Province was the front line for the country and was the target of an enemy take-over. The enemy concentrated his forces to cause continuous disruptions in all sectors. They caused military disruptions and used political, economic, cultural, and social means to deceive, seduce, divide and mislead the people in order to separate them from the party and government. [passage omitted] Social ills such as gambling, drunkenness, stealing, and shooting increased, and there were incredible acts such as children killing fathers, older siblings killing younger siblings, husbands killing wives...[passage omitted]

Nevertheless after the responsible committee for Xaignabouli Province made a resolute decision, they concentrated all their forces from the leadership to the cadres and various ethnic groups on public security activities. [passage omitted] The cadres, soldiers and police went out to the cantons and villages to help the localities conduct the census and establish order. Every day they helped the public security service and the guerrilla forces of the cantons and villages maintain security in the villages and take the census. This drive steadily improved the political peace and the social order. The people felt secure in earning a living and their confidence in the new system grew. The census taking and bringing order to the villages gradually took shape, and order on both sides of the Lao-Thai border steadily improved. The people's awareness of the need to protect the nation's border steadily increased. [passage omitted] At present throughout Xaignabouli Province there are 1,000 members of the public security service in villages, and guerrilla forces total 3,000.

This is less than there were in the past, but they are twice as good. [passage omitted] Although in the past the enemy conducted regular operations with determination and had many cruel and clever schemes, nevertheless they were defeated and wiped out. In 1989 the military forces of the province and districts and the guerrilla forces conducted many sweeps for these bad groups and were able to kill 43 of the enemy, capture 10, capture 56 spies, destroy the underground and capture a number of important documents.

This victory destroyed the enemy scheme to use Xaignabouli Province as the location of a shadow government, and it destroyed the enemy's ideology which insulted Xaignabouli Province.

Photo caption: Military weapons of expatriot groups captured by the military and the people of Xaignabouli Province. [These include one AK-47 and one RPG tube]

#### **Houa Phan District Insecurity, Development, Anti-Drug Project**

90WD0389A *Vientiane PASASON in Lao* 2 May 90 p 2

[Text] Vieng Thong District of Houa Phan Province is a district in the countryside and is farther from the provincial capital than any other district. Earlier this district consisted of two districts: Hiem District and Son District, which were 68 km apart. Now they are united as Vieng Thong District. For many years it has had difficulties in national defense and in building a new life.

Comrade Phimsai Chanthavi, a member of the district party committee and vice-chairman of the Vieng Thong District administration, reported to our group of correspondents that Vieng Thong District was far from the provincial leadership and had more difficulties than other districts especially in the area of public security. Since it bordered two provinces, Luang Prabang Province and Xieng Khouang Province, in the rainy season every year the plunderers (chao fa [the prince]) came in from these two provinces. However they did not defeat the spirit of patriotism, the will to work and the desire for a new life in peace. Through the efforts of the multi-ethnic people throughout the district to build a new life in Vieng Thong District in 1989 and the first three months of 1990, they achieved the solidarity and unity to defeat the plunderers and turn to rice production in their wet fields and dry fields and to raising sesame and other crops. In 1989 they harvested an average of 360 kg of rice per person. In addition the district helped Luang Prabang Province and Xieng Khouang Province with about 350 tons of rice, and it was able to achieve revenues of 10,869,495 kip in 1989 from agricultural taxes, commercial taxes, and customs duties. The district budget required 26,403,247 kip. Therefore each year the district had to ask for about 18 million kip from the province to balance its budget. However Vieng Thong District still had many strong points, for example: regarding rice cultivation, when the drug suppression project which had begun the construction of irrigation and the clearing of land for wet field rice in the area of Son District was completed, there would be an

additional 450 hectare making a total of 983 hectare for wet field rice throughout the district, and there would be a large rice surplus. In addition the district had strength in its sesame cultivation and other crops. In 1989 they began sesame cultivation and harvested more than 30 tons, which became an export for the district. And when the roads were completed, they would be able to exploit more timber; timber was an important product of Vieng Thong District.

The effort to revive the economy of this district and raise the living standard of its people has taken the form of a broad drive because of the close leadership of central authority and the province, which were able to obtain assistance funds from an international organization to clear rice fields, construct irrigation and build a road from Hiem District to Son District.

#### **ILO Aid in Houa Phan Road Project**

90SE0063C *Vientiane PASASON in Lao* 27 Apr 90 p 2

[Excerpts] The ILO is the International Labor Organization. It has provided assistance funds to repair the national highways in Houa Phan Province for more than two years now, which has allowed the highway from Phou Lao in Houa Meuang District through Sam Neua to Xieng Kho District, Houa Phan Province, to become an all-season road.

In addition to the funds for highway repairs which central authority apportioned and the province invested during the period of the second five year plan, the International Labor Organization (ILO) has provided assistance funds to the province for the repair of existing roads and asphalt roads which were destroyed by natural causes. According to the report of Mr. Onkham Phoumanivong, the head of the Highway Bridge Enterprise of Houa Phan Province, the ILO began its assistance for repairing national highways in Houa Phan Province in 1988; it provided assistance so that the Highway 6 Construction Unit of central authority could be contracted to do \$200,000 of work to repair and open the road in difficult areas on the highway from Phou Lao to the town of Sam Neua, a distance of 85 km, and it provided \$35,000 in assistance to contract the Houa Phan Highway Bridge Enterprise to repair the highway from Sam Neua to Et District in the first 3 months of 1990, a distance of 120 km. [passage omitted]

The roads can be used by vehicles in all seasons.

#### **Anti-government Military Operations in North**

90P30049A *Bangkok LAK THAI in Thai*  
25 Jun-1 Jul 90 pp 9, 10

["M.C. One Hotline" Column]

[Excerpt] The events in Laos have made the 3rd Army Region take a close look at the fighting between the Lao government military and the resistance groups. At this time, there is heavy fighting in the border area of Mae



Charim District, Nan Province. This is close to Phiang District, Xaignabouli Province in Laos. Mortar and artillery shells are constantly landing on Thai territory. There is also heavy fighting in Meuang Sam Thong and Meuang Long Cheng in Xieng Khouang Province, the old lair of the Meo warlord General Vang Pao, but this is still some distance from the Thai border. There have been suppression operations and combat in Vang Vieng and Sanakham districts in Vientiane Province itself, but

the fighting is considered to be heaviest in Phiang District. It is expected that the resistance groups will expand their area of operations to Meuang Ngeun and Hong Sa District in Oudomxai Province and will greatly increase the pressure on Sanakham District, Vientiane Province following their successful attacks on and destruction of that district's guerrilla-militia positions and seizure of a great number of weapons...[passage omitted].

### **Mahathir Confident of National Front Victory in Sabah**

90SE0054B Kuala Lumpur UTUSAN MALAYSIA  
in Malay 27 May 90 p 2

[Text] Alor Setar, 26 May—Prime Minister Datuk Sri Dr. Mahathir Mohamad is confident that the National Front [BN] will retain the reins of government in the state of Sabah in the upcoming state elections.

He said the BN is certain to win, because the two largest parties in Sabah, namely the Sabah United Party [PBS] and USNO [United Sabah National Organization], are both BN component parties.

"There are two BN parties in Sabah, PBS and USNO. Let either of them win, for PBS is in the BN and USNO is in the BN. How can the BN lose?" The prime minister spoke to reporters today after attending a Muda Agricultural Development Authority (MADA) estate feast of thanksgiving on the grounds of the MADA H-II Regional Estate Organization office at nearby Kepala Batas.

The Sabah State Legislature was dissolved today in order to permit the holding of elections a year before the completion of the PBS government's full term of office.

Datuk Sri Dr. Mahathir said he had not yet been informed of the Sabah State Legislature's dissolution, however.

He said the country's constitution provides liberty to the state governments of Sabah and Sarawak to hold their respective state elections at any appropriate time.

When asked whether the BN component parties in Sabah will be permitted to use their respective party emblems in the elections, Datuk Sri Dr. Mahathir, who is also president of the BN, said the BN had not yet received any such request.

"At the time of an earlier request for use of a party emblem and one for use of the BN emblem, we reached a compromise. It's up to them," he said.

### **UMNO Reminds Voters of Election Objectives**

90SE0053B Kuala Lumpur UTUSAN MALAYSIA  
in Malay 25 May 90 p 16

[Text] Sungai Petani, 24 May—UMNO [United Malays National Organization] Treasurer Datuk Paduka Daim Zainuddin reminded UMNO members that their objective in the next elections is not limited to assuring victory but includes expanding the existing majority as well.

He therefore noted that it is important for UMNO members to make the election machinery more effective in order to assure a great National Front [BN] success in the elections.

"We are now forced to face not only PAS [Pan-Malaysian Islamic Party], but the Spirit of '46 and DAP

[Democratic Action Party] as well, since there are now close ties among them," he said.

Speaking at Kampung Pasir, Merbuk, at a meeting with leaders of BN operations centers in the Merbuk parliamentary district, he said UMNO members must give serious attention to assuring that opposition parties do not get a foothold in the country.

He therefore reminded campaigners to give emphasis to attracting voters who are still on the fence in order to make certain that they will vote for BN candidates in the elections.

"There is no use in our focusing on UMNO and PAS members alone, for the ones on the fence are the important ones for increasing our majority," he said.

Datuk Paduka Daim said that although an election date has not yet been announced, operations centers should be ready early in order to guarantee that personnel can be fully deployed.

He cautioned the people not to be influenced easily by opposition party propaganda against the government and present government leaders.

"Even if the opposition should become the governing party, it would not be able to fulfill its responsibility nor the mandate of the people in the way that the BN can," he said.

### **UMNO Urges Restraint in Public Debate on Education Act**

90SE0054A Kuala Lumpur BERITA HARIAN  
in Malay 23 May 90 p 2

[Text] Kuala Lumpur, 22 May—The silence of UMNO [United Malays National Organization] on the 1990 Education Act does not mean that Malays have no feeling or opinion about the policy. They merely do not want to offend other communal groups.

Datuk Sri Najib Tun Razak, president of UMNO Youth, said that UMNO does not want to call attention openly to its opinion, because the matter should be handled through the proper channel, namely the cabinet committee responsible for implementing the act.

Datuk Sri Najib, who is the UMNO representative on the committee, hopes that everyone will follow UMNO's example for the sake of communal harmony in the country.

"UMNO hopes that no one will further make an issue of the matter openly in order not to hurt the feelings of Malays," he told reporters here today after opening the National Trainer Seminar.

Datuk Sri Najib, who is also minister of youth and sports, said this as a comment on the appeal made yesterday by Minister of Education Anwar Ibrahim that

other communal groups consider the feelings of Malays when they express their opinion and disapproval of the act.

#### Cabinet

Anwar is the chairman of the cabinet committee responsible for the act. Other members include MCA [Malaysian Chinese Association] Secretary-General Ng Cheng Kiat, MIC [Malaysian Indian Congress] President Datuk Sri S. Samy Vellu, and Gerakan President Datuk Sri Dr. Lim Keng Yaik.

Datuk Sri Najib said the act need not be made an issue, because UMNO has given assurance to other communal groups that National Type Chinese and Tamil schools will be retained.

He said the implementation of the act has long been approved by representatives of National Front component parties and need not be made an issue again.

Meanwhile, MCA President Datuk Sri Dr. Ling Liong Sik said that the MCA will respect the feelings of all parties in the educational reforms now being conducted.

Datuk Sri Dr. Ling said the amendment to the 1961 Education Act is a national matter that has received the complete attention of the National Front component parties.

"This is not a communal issue," he declared.

The MCA president made this statement when asked for a reaction to the reminder given yesterday by Minister of Education Anwar Ibrahim that people of other ethnic ancestries should consider the feelings of Malays when they express their views on the amendment.

Datuk Sri Dr. Ling had earlier chaired a meeting of the MCA Presidential Council.

He said that because the matter is a national issue involving everyone the National Front is now holding joint talks on it.

"This is the most important characteristic of the National Front," he said.

When asked to comment on Anwar's suggestion that the proposed amendment to the Education Act be announced to the public prior to its submission to Parliament, the MCA president said he is leaving any decision on the matter up to the cabinet committee involved.

Datuk Sri Dr. Ling also said he leaves it to the committee to ponder the proposed elimination of the National Aided School Supervisory Board, which has become a lively issue among people of Chinese descent.

He also announced that today's meeting of the MCA Presidential Council heard a final report on the Education Act amendment from the MCA representative on the committee.

#### Sabah United Party President Predicts Election Win

90SE0053C Kuala Lumpur UTUSAN MALAYSIA  
in Malay 26 May 90 p 6

[Text] Kota Kinabalu, 26 May—Because of the support the people of Sabah have given during the last four years, The Sabah United Party (PBS) is confident it will continue to govern.

PBS President Datuk Joseph Pairin Kitingan said a third mandate from the people is needed in order for the PBS, as the governing party, to proceed with its development efforts.

Announcing the dissolution of the Sabah State Legislature today, Datuk Pairin declared that the present government should be retained in order to guarantee a brighter future for everyone regardless of race, ancestry, or religion.

The PBS began to govern in 1985 after upsetting the BERJAYA [Sabah People's Party] government. The PBS received its second mandate from the people in the state elections of 1986.

He said the PBS has fully utilized its mandate during the last four years by bringing development to Sabah.

Development has included expanded foreign investment, higher state revenues, a better state economy, and reduced unemployment, he said.

He said the PBS will run candidates in all 48 districts and expects that they will win a large majority of seats.

The chief minister thanked the people for the support they have given to the PBS government.

The PBS action to hold early elections, he said, is in accordance with the desires of the people, who want the party to have more unified support.

#### Sabah United Party Sees USNO As Sole Challenger

90SE0053D Kuala Lumpur UTUSAN MALAYSIA  
in Malay 31 May 90 p 14

[Text] Kota Kinabalu, 30 May—PBS [Sabah United Party] Vice President Datuk Lajim Haji Okin acknowledged that USNO [United Sabah National Organization] is the only party that can mount a strong challenge to the PBS in the next state elections.

The assistant to the chief minister predicted that USNO may win at least 16 seats in the State Legislature if it takes good advantage of the opportunity, seeing that a majority of state residents are Muslims.

Nevertheless, Datuk Lajim added, the PBS will repeat the success it had in the last elections and will again form a government.

"There will be no split between the Kadazan and Dusun people, because they know that division will mean no further opportunity to provide a chief minister for a long time to come," added Datuk Lajim, who was interviewed yesterday.

In the last election, the PBS won 36 legislature seats; USNO, 11 seats; and BERJAYA [Sabah People's Party], one seat.

He stated that other opposition parties are not as strong as believed and will not hurt the PBS.

When asked whether it is true that the PBS is not as strong as in the past due to the rise of new parties that split off from the PBS, he said that the splits were at the leadership level only and not among regular supporters.

Datuk Lajim also said the PBS will not use the anti-Federation issue in the election campaign.

He said the anti-Federation issue is no longer beneficial, because voters today are not like voters were in the sixties.

With regard to former Chief Minister Datuk Harris Salleh's step to return to politics and test his strength in the next elections, Datuk Lajim said it was Datuk Harris' right to do so.

"He served for nine years, and the people know him," he stated.

Datuk Lajim, who is a member of the State Legislature from the Klias district, expects the PBS leadership to select him to run again in the district.

#### **PAS Seeks DAP Support**

90SE0053A Kuala Lumpur BERITA HARIAN  
in Malay 25 May 90 p 1

[Text] Petaling Jaya, Thursday [24 May]—PAS [Pan-Malaysian Islamic Party] needs the support of DAP [Democratic Action Party] in its effort to win the next general elections, Haji Nik Abdul Aziz Nik Mat, president of the PAS Council of Muslim Scholars, said today.

To that end, he said, PAS will try to clarify the Islamic state concept for DAP in order to eliminate any doubt about the concept on the part of non-Muslims.

Speaking as he inaugurated the 31st PAS Youth Council Conference at the Malaysian Trade Union Council Building here, he said that if DAP is reluctant to assist this endeavor PAS will try other means.

"This is important, because we also want non-Muslim support and votes in our effort to win the next elections.

We will therefore ask for the cooperation of certain groups, such as the Chinese Community Consultative Council," he said.

He said he regretted that DAP had flatly rejected the concept without studying it thoroughly.

His statement was believed to be in reference to PAS Deputy President Haji Hadi Awang's recent statement that PAS will not cooperate with DAP and its colleagues in the APU [Islamic Unity Movement] if they oppose establishment of an Islamic state in Malaysia.

As a result, DAP Deputy Chairman Karpal Singh requested the good offices of Spirit of '46 President Tengku Razaleigh Hamzah in advising PAS to forget its desire to implement the concept.

In his speech, Haji Nik Abdul Aziz advised PAS Youth to be cautious and patient in dealing with skepticism about the Islamic state concept.

"How can DAP leaders evaluate the advantages and disadvantages of the Islamic state system if they themselves are still unclear about it? Therefore, they need to discuss the matter."

He invited DAP leaders to talk with PAS in order that they may understand the concept of establishing an Islamic state before they make a decision to reject the idea.

The president of the PAS Council of Muslim Scholars said DAP leaders also need to be more open in their thinking when they make statements about their cooperation within the APU.

#### **PAS To Continue Cooperation With Other Parties**

90SE0054C Kuala Lumpur BERITA HARIAN  
in Malay 28 May 90 p 2

[Text] Kuala Lumpur, Sunday [26 May]—PAS [Pan-Malaysian Islamic Party] will continue its cooperation with the parties that make up the Islamic Unity Movement (APU) even if they should be defeated in the next general elections, said PAS President Haji Fadzil Noor.

He said PAS membership in the APU, particularly its cooperation with the Spirit of '46, is not solely for the purpose of winning the elections.

"The objective of this cooperation is to improve understanding of the struggle to uphold Islam. If we win the elections, good. If not, we will continue the cooperation," he said today as he wound up a debate on his policy statements at the 36th PAS Conference here.

Haji Fadzil reiterated his position that PAS will not compromise in its intention to remain an APU member.

"PAS will not give up in its effort to establish an Islamic state. Neither will we become an elite party nor be controlled by a certain group.

"The decision to be allied with the APU was not the proposal of any individual PAS leader but was approved by the Advisory Council and the PAS Managing Council," he said.

Meanwhile, Deputy PAS President Haji Abdul Hadi Awang said the purpose of PAS ties with other parties is the propagation of Islam.

He said that PAS is not crazy for power but is struggling to uphold Islam.

Haji Hadi charged that the mass media are possibly being manipulated by the government to attack Islam and PAS by frequently misreporting statements about PAS and pitting PAS leaders one against the other.

### **Aquino Backs Naval Buildup**

42000104A Manila *MANILA CHRONICLE* in English  
24 Jun 90 pp 1, 5

[Text] President Aquino called yesterday for a stronger naval capability and urged Congress to pass bills supporting the billion-dollar 10-year modernization program of the Philippine Navy.

"That we need a strong Navy is beyond doubt," the President said in her address during the 92nd anniversary celebration of the Philippine Navy at the Bonifacio Naval Station in Fort Bonifacio.

Mrs. Aquino explained that there was urgent need to modernize the navy as the Philippines may have to increasingly depend on its aquatic resources.

"More and more, we may feel the urgency of mining or exploiting our vast waters, where so much fortune abounds underneath," the President said. "The protection of our marine wealth calls for effective control of our seas."

She added that the Philippines is nearing the time when national economic development "may have to greatly depend on the effective control of our waters."

Despite her vow to focus on the 10-year modernization plan, Mrs. Aquino did not indicate any new thrust to upgrade the Philippine Navy which, she admitted, is the only one in Asia without missile capability.

Instead, the President expressed hope for the early Congressional approval of measures to upgrade the Navy's capabilities.

The modernization plan includes a \$12.5-billion five-year phase covering the purchase of three corvettes armed with surface-to-air and ship-to-ship missiles, four fast-attack craft with modern guns, and three long-range maritime patrol aircraft.

The plan aims for a self-reliant Navy which, eventually, would make its own warships.

The Philippine Navy, the oldest but most ill-equipped naval force in Southeast Asia, had only 23 patrol ships, 21 transport and service vessels, and 85 small craft with an average of 41 years in service.

The Navy has no submarines or missiles and flies only 14 aircraft.

Despite its limited logistics the Philippine Navy is expected to protect the country's 1.25 million square km of territorial seas and the 1.6 million square km of "exclusive economic zone" extending 200 miles or 320 km from the coastline.

Sen. Leticia Ramos-Shahani, chairman of the Senate foreign affairs committee, has endorsed the Navy's modernization plan by filing a bill seeking its implementation.

The government has been forced to upgrade its Navy due to the perceived arms buildup in the region.

Lack of resources, however, has hampered the Navy's modernization.

For instance, during the ceremonies yesterday, Navy Chief Rear Admiral Mariano Dumancas announced the completion of a 215-ton gunboat, a project abandoned for six years because of lack of funds.

The building of a Filipino-designed 44-meter long gunboat, named BRP Hen. Emilio Aguinaldo, was resumed only early this year when money was made available.

In her speech, the President acknowledged the lack of resources which hinder full military modernization. She said that while there are plans to upgrade the country's defense capabilities, "we have to meet present problems."

"The Navy's efficiency today is not reliant on the execution of its future plans," Mrs. Aquino pointed out. "I urge you to continue with what you have been doing, despite these drawbacks. You have done well so far. Your President is happy with what you have been doing."

### **NPA Leader, Members Captured in Government Raids**

42000102A Manila *MANILA BULLETIN* in English  
19 Jan 90 pp 1, 20

[Text] A high-ranking official and 20 members of the Communist Party of the Philippines-New People's Army (CPP-NPA) were captured by the military in a series of raids in Metro Manila and Bohol over the weekend.

Sources at Camp Crame said military operatives arrested a leader and 13 members of the CPP in raids in Pasay City, Paranaque, and Cubao in Quezon City.

Military authorities, however, would not elaborate on the latest catch in Metro Manila, saying that those arrested will be presented to the media today by Maj. Gen. Cesar Nazareno, PC-INP chief.

Sources said the rebels were captured after the military conducted raids on suspected NPA hideouts, following the ambush-slaying of Col. Saturnino Dumlao of the Intelligence Service of the Armed Forces of the Philippines (AFP) in Paranaque last week.

Dumlao was responsible for the capture of CPP leader Antonio Tujan who carried a P1-million reward for his capture.

In Bohol, government troops captured seven NPA leaders in a raid on a rebel base in Catigbian town.



Three other NPAs surrendered after a brief firefight with soldiers in barangay Mahayag, Catigbian, according to a report to Nazareno by the PC-INP station in Tagbilaran, Bohol.

Col. Cris Maralit, PC-INP spokesman, identified those arrested as Victor Umapas, alias "Ka Teban," medical officer of the NPA-Underground Movement (UGM); Daniel Umapas, alias "Ka Alex," UGM overall committee chairman; Aurea Umapas, alias "Ka Mildred," political organizer; Estor Coronel and Timoteo Patao, alias "Ka Richard," defense committee officers; Isidro Llorante, alias "Ka Nanatad," finance officer; and Artemio Llorante, alias "Ka Kaloy," UGM vice-chairman.

Maralit said they all belong to the Central Visayas Regional Command of the NPA.

Before the capture, elements of the Tubigon police led by Lt. Abner Catalia arrested Jorjean Ipas, alias "Ka Inday," of Cabadbaran, Agusan del Norte, inside a public market in Tubigon.

Maralit said Ipas admitted being involved in the communist movement in the province.

Three other suspected NPA members surrendered to the military and were released after they took their oath of allegiance to the Constitution.

They were identified as Donato Llorente, alias "Ka Rene," a barangay captain; Pedro Erespe, alias "Ka Sagin"; and Miguel Curag, alias "Ka Bugtong."

**Technical Training Agreement With Mauritius**

90AF0271Z Port Louis LE MAURICIEN in French  
4 Jun 90 p 4

[Text] Some 30 Mauritian technicians will be leaving for Singapore in the next few months. They will take training courses to qualify them to manage ports, airports, and essential utilities such as water and electric services. The Mauritian Government hopes in this way to cope with the threat of a total paralysis in these four key sectors of the economy, which could occur as a result of strike action. It is not known whether the technicians going to Singapore are civilian employees or elements of the Special Mobile Force (SMF).

The agreement to train our technicians was initialed last week in Singapore by Mr. Bhinod Bacha, secretary for internal affairs, following a 72-hour visit as head of an eight-person delegation that included Commander Raj Dayal of the SMF.

The Singapore daily STRAIGHT TIMES, reporting on a press conference held by Mr. Bacha on the eve of his departure, wrote in its 31 May edition that the Mauritian

Government primarily wants to learn how to "manage essential services in times of crisis."

Mr. Bacha also said reportedly that Mauritius hopes to strengthen its cooperation with Singapore by means of joint ventures in the (offshore) banking free zone and the data processing sector.

The secretary for internal affairs showed a lively interest in Singapore's housing plan and tripartite wage system.

While in Singapore, the Mauritian delegation held talks with officials in the Ministry of External Relations, the Port of Singapore Authority, Singapore Airport Terminal Services, Public Utilities Board, and Singapore Broadcasting Corporation.

According to a spokesman for the Singaporean Ministry of Foreign Affairs, the technical assistance provided to Mauritius will help Singapore draw up a new comprehensive plan for technical assistance to developing countries.

It should be noted that Commander Dayal's visit to Singapore is the subject of a parliamentary interpellation tomorrow from Labor backbencher Dr. Arvind Boolell.

### Academics Discuss U.S. Bases in Philippines

90SE0052D Bangkok MATICHON in Thai 16 May 90  
p 7

[Excerpts] [passage omitted] Mr. Sukhum Nawalasakun, an instructor with the Faculty of Political Science at Ramkhamhaeng University, said that he did not want to voice an opinion on the matter of relying on the U.S. military bases in the Philippines, because he does not know what Thailand relies on. He said that the proposal to turn ASEAN into something resembling NATO is now outdated. Today, there is no war that would require forming a group such as NATO. [passage omitted]

Dr. Kusuma Sanitwong, a professor with the Faculty of Political Science at Chulalongkorn University, said that actually, the ASEAN countries are well aware of the usefulness of the American bases in the Philippines. If the United States withdraws those bases, there will definitely be a power vacuum in this region. [passage omitted]

Dr. Kusuma said that as for the idea of ASEAN forming an alliance similar to NATO, this is not the right time to do that. It is probably not possible to do that. However, ASEAN should discuss things. [passage omitted] Relations should be suitable with respect to all countries, not just at the bilateral level.

Mrs. Suphatra Suphap, the head of the Sociology and Anthropology Section, Faculty of Political Science, Chulalongkorn University, said that it is difficult to believe the statement made by the Philippines, which stated that ASEAN must rely on the American military bases in the Philippines. That is difficult to accept, because this is the age of high technology. This is a period of transforming the battlefields into markets. Military bases are no longer necessary. As for keeping these bases in the Philippines, that will not have any effect on the ASEAN countries. [passage omitted]

### Columnist Views Philippine Bases, ASEAN Stance

90SE0060B Bangkok DAILY NEWS in Thai  
17 May 90 p 2

[Column by Trairat Sunthonpraphat]

[Excerpts] The United States and the Philippines have opened negotiations on the military bases there. [passage omitted]

Singapore and Malaysia have openly expressed their support for keeping the American bases in the Philippines. Singapore, which is ruled by Mr. Lee Kuan Yew, has acted in a rather distasteful manner as if it were not a member of ASEAN. It has betrayed the Philippines, a neighboring country, and offered to allow the United States to establish a naval and air base on Singapore Island if the Philippines refuses to allow the United States to continue using the bases in the Philippines. In effect, they have narrowed the choices available to the Philippines and forced Aquino to rush into an agreement with the United States before Singapore can take the bases away from them.

Thailand, Indonesia, and the other ASEAN countries have kept quiet as if not caring whether the bases stay or not. But in the past, Thailand looked for a solution. Thailand thought about having Japan play a greater military role in this region so that we wouldn't have to care about America cutting back here and there. Moreover, the United States was applying great pressure on the trade front. Even though the United States provided much aid to both South Korea and Taiwan at a time when those two countries became NICs [newly industrialized countries], in Thailand's case, the United States seems to want to block us out of fear that we will attain NIC status too soon.

Mr. Richard Armitage, President Bush's special envoy, who heads the delegation that is negotiating with the Philippines, seems bent on preserving the interests of the United States to the maximum. He has threatened that the United States is prepared to withdraw its bases if the Philippines does not want them to remain. But he has said that the United States and the Philippines have been close friends for a long time and that there should be as much give and take as possible.

The goal of the Philippines was to establish one of the most important military bases in the world in the Philippines. But Marcos only pretended and rented the bases to the United States at a very low price. Actually, the Philippines should have received a huge amount to help develop the country or pay their debts. Don't expect much from a government for whom the people voted only half-heartedly.

I feel sorry for the United States. It wants to be the only super power. As the Soviet Union grows weaker, the United States will grow in stature. But it is now so poor that it will be very difficult for it to maintain its leading role. If the Philippines remains stubborn, the United States will probably withdraw its bases, because it would not feel at ease remaining. The communists there are growing stronger everywhere. Recently, they issued threats and killed two American servicemen. Filipinos are becoming more and more dissatisfied with the American bases. In the past, the Americans supported the dictator Marcos. Now they are giving Aquino so much support that other factions can't stand it any longer.

This is how it is for those who want to be on top. There will be few who love you but many who hate you. The United States wants to remain active in this region. It is spending huge sums on developing weapons. If it wants to build its position, it will have to pay these sums. [passage omitted]

### PLO Economic Officer's Contacts in Government

90SE0052B Bangkok KHAO PHISSET in Thai  
21-27 May 90 p 11

["Intelligence" column]

[Text] This piece of intelligence must be sifted carefully. Mr. Abu Ala, the Palestinian minister of economics, visited Thailand at the beginning of May. He was delighted by his visit here. But his visit was not a success

just because he was able to meet with Second Lieutenant Praphat Limpaphan, the deputy minister of foreign affairs, on 3 May, or Mr. Phong Sarasin, the deputy prime minister. It was a success because he was able to meet with General Chatchai Chunhawan during the happy atmosphere of the wedding reception for the daughter of Deputy Minister Praphat. The Thai prime minister invited them to attend the wedding as senior guests. The Palestinians attended the wedding as honored guests. Thailand did not announce when it would recognize the Palestinian government. But from now on, the Palestinians will have greater freedom in carrying on intelligence and propaganda activities in Bangkok. The person directly responsible for this is Mr. Said al-Masari, the ambassador to Hanoi.

### **Chamlong's PRC Trip, Family Ties**

90SE0059D Bangkok DAILY NEWS in Thai 10 Jun 90  
pp 1, 2

[Excerpts] [passage omitted] Major General Chamlong Simuang, the governor of Bangkok, will lead a party of Chinese merchants in Thailand on a trip to Beijing. [passage omitted]

A reporter reported that concerning Major General Chamlong's trip to China, besides going on official business, he will also take this opportunity to visit one of his cousins, Sieu Ling, in Kuang Leng Country, Cheng Hai District, which is about 10 km from Swatow. Unless something changes, he plans to visit his cousin on 18 June and return on 21 June.

Major General Chamlong wrote a pocketbook entitled "Chiwit Chamlong" [Chamlong's Life]. In one section, he wrote that one day, he received a letter, dated 8 February 1989, written in Chinese. The writer of the letter identified herself as Sieu Ling. She said that she was the daughter of Major General Chamlong's aunt named Sieu Eng. She said that she had learned that Major General Chamlong was a relative and so she had written this letter. She expressed the hope that Major General Chamlong would someday come to visit her. After talking to relatives about the letter, he learned that what the letter said was in fact true. [passage omitted]

### **Thai Farmers Bank Views Vietnam Rice Exports, Response**

42000091B Bangkok BANGKOK POST in English  
14 Jun 90 p 26

[Text] Thailand needs to improve its rice marketing and production policies if it wants to maintain its position as the world's largest rice exporter.

Thai Farmers Bank said in a recent article entitled "Thai Rice Must Improve For Survival" that Vietnam is a rising exporter star which will become a major competitor to Thailand in coming years if Thai authorities fail to implement measures to cope with the changing global situation.

The bank said Vietnam exported only 97,000 tons of rice in 1988 and so was dismissed by the Commerce Ministry based on the belief that its exports were low-quality rice which did not threaten Thailand's traditional markets.

Thai policy planners miscalculated however as more than 30 percent of Thai exports are also low-quality rice.

The bank said the miscalculation resulted in Thailand's failure to take effective countermeasures.

Vietnam's rice exports rose sharply to 1.3 million tons in 1989 and this affected Thailand's rice production and marketing.

The bank said one thing helping Vietnam boost its exports was the active role played by Thai brokers in helping it gain markets overseas.

It said this assistance would certainly affect Thailand's export markets.

The Thai Farmers Bank article said the failure of Thai exporters to fully appreciate the effectiveness of Vietnam's transport facilities had also placed them badly to protect their leading position.

Exporters thought it would take Vietnam at least five years before it could compete with Thailand, but Vietnam managed to move from a rice-importing country to the world's third largest exporter within two years.

### **World's Largest**

Vietnam is further improving and there is the strong possibility that it will become the world's largest rice exporter in the next few years.

The article based this assumption on a number of factors.

Vietnam is now finally recovering from its long history of war and improving its old production systems.

The article said Vietnam now allowed farmers to rent land from the Government and sell their crops freely on the market. This has helped turn a deficit into a surplus and the beginning of exports of over one million tons a year.

The bank said Vietnam hoped to improve the quality of its rice with the aid of foreign technology, and thus will become an even stronger competitor to Thailand. It also has a cost advantage.

The bank said short and long-term policies should be worked out to maintain Thailand's leading position, otherwise the dream last year of fetching 5,000 baht/ton will never be realised.

In the short term, the bank said the situation in competing countries should be monitored closely for use as guidelines in working out appropriate marketing policies, while long-term, low-interest loans should be offered to exporters to encourage more exports and to recapture lost markets.

It said the long-term measures should include reductions in the planting area, especially where low-quality rice is grown, and introducing better-quality seedlings to lower costs.

The substitution of rice by other crops should also be encouraged, it said.

### **Chiang Rai, Yunnan Governors Plan Joint Development Projects**

42000091D Bangkok BANGKOK POST in English  
20 Jun 90 p 12

[Text] China has expressed interest in opening new river and land routes to promote trade and tourism between the Chinese state of Yunnan and the northern Thai province of Chiang Rai.

This was the outcome of a 10-day visit to Yunnan by Chiang Rai Governor Banasit Salabsaeng and nine high-ranking Thai officials last month.

In an interview with the POST yesterday, Mr Banasit said Yunnan Governor Her Seu Chang had expressed interest in opening a new trade route via the Mekong River from Kunming to Chiang Rai, as well as a road link between the northernmost Thai city and Yunnan.

The visit was proposed by the Chinese governor last year to create sisterly ties between Chiang Rai and Yunnan. During the 10-day stay, Thai and Chinese officials discussed tourism and trade development.

Governor Her told Mr Banasit that Chinese officials had already conducted a survey along the Mekong River from China to Burma and Laos to study the possibility of opening a new route for trade and tourism. Once the river route is opened, Chiang Rai will become a gateway to Burma, Laos and China.

Mr Banasit said a four-lane road from Chiang Rai town to Mae Sai District bordering Thakhilek town of Burma will be opened next year. He informed Governor Her that a company which owns the Golden Paradise Resort now under construction at the Golden Triangle will build a 100-kilometre-long road linking Thakhilek and Chaing Tung town in Burma.

Mr Banasit proposed that a 200-kilometre-long road be built from Sibsong Panna in Yunnan to Chiang Tung. The Yunnan governor agreed with the proposal and said he would study ways of improving road links between Yunnan and Chiang Tung.

Mr Banasit said the results of his China visit had been submitted to the Interior Ministry. He said he had

invited Governor Her and nine other Yunnan officials to visit Chiang Rai in August to observe the road construction site and the Golden Triangle in Chiang Saen District. The Chinese party will meet representatives of the Chiang Rai Chamber of Commerce.

A cultural exchange between Chiang Rai and Yunnan will be included in the forthcoming visit.

Apart from the proposed road and river routes, Chiang Rai airport expansion will be completed in 1992. The airport by then will be able to accommodate large aircraft with 300 passenger seats. The province also plans to organise Visit Chiang Rai Year from 1990 to 1992.

### **Chawalit, NSC Positions on Relations With Communist Countries**

90SE0060A Bangkok MATICHON in Thai 10 Jun 90  
pp 1, 2

[Excerpt] [passage omitted] A report from the National Security Council (NSC) stated that at the cabinet meeting held on 11 June, General Chawalit Yongchaiyut, the deputy prime minister for security, submitted regulations for consideration and review at the meeting. These concerned contacting, making exchanges, visiting, and giving and receiving educational, scientific, artistic, social, and other types of help between state units and officials and communist countries. Our present mode of operation is no longer suitable, because it is fairly strict and lacks flexibility. It is no longer in accord with the situation. There are too many regulations, and some of the regulations overlap. This creates problems for the government units responsible, and makes it necessary for senior administrators to give approval.

The report stated that the NSC submitted this matter through General Chawalit in order to relax these regulations. It wants to revoke the four cabinet resolutions issued in 1978 and the one issued in 1982 that stipulate that before traveling to a socialist country, a government official or state enterprise employee must first obtain authorization from the minister concerned and obtain approval from the Ministry of Foreign Affairs with respect to the political suitability of this. The Intelligence Office must run a background check on those who intend to visit these countries. Those who want to continue their education there must not intend to study political subjects. And these people are screened.

The report stated that the NSC proposed four lines for relaxing things:

1. Use the regulations that are normally used to contact free countries as much as possible.
2. Authorize organizations or government units that are already responsible to maintain power in conducting the

affairs of the unit. An example is the Department of Foreign Cooperation in observing loan or foreign aid matters.

3. In carrying on certain matters in which there are problems, things must be discussed with the NSC or the Ministry of Foreign Affairs. This is applicable in the case of Vietnam with respect to economic matters and to the Heng Samrin regime prior to the Cambodia problem being solved.

4. Government units are authorized to carry on things. They must keep the Ministry of Foreign Affairs, the NSC, and the Intelligence Office informed. The Intelligence Office must provide data to those traveling to socialist countries. It must study the possible effects in important cases and coordinate things with the NSC in order to revise operational policy in accord with the situation.

The report stated that the NSC said that the reason why it was relaxing the regulations on contacting communist countries was that Thailand does not have any problem with respect to communist ideology, and those who adhere to this ideology are not trying to spread their ideology here. Besides this, the socialist countries have changed their attitude. There is now less confrontation and more compromise. Thailand's policy is to expand economically and use economic relations to help solve international political problems.

#### **Opinion Leaders Analyze Khmer Rouge Position Post-Tokyo**

##### **Editorial Sees Impact on Links With Thailand**

90SE0058A Bangkok KHAO PHISIT in Thai  
11-17 Jun 90 p 5

[Editorial: "When Friends Are Not Friends—the Khmer Rouge Decides To Go It Alone"]

[Excerpts] [passage omitted] Everyone is pointing the finger at the Khmer Rouge as the faction responsible for the failure to "reach a cease-fire agreement." No one has thought to ask the Khmer Rouge what its reasons are. [passage omitted]

What the Khmer Rouge tried to say but didn't make clear in the two statements was that "our friends have betrayed us."

It isn't clear what agreement their allies have reached with the Khmer Rouge in Bangkok. But what is clear is that the allies of the Khmer Rouge pressured them to change their standpoint in Tokyo. [passage omitted]

After exerting pressure on the Khmer Rouge failed to achieve results, the allies had to give in to some of the demands of the Hun Sen faction to keep the talks in Tokyo from collapsing just as happened in Bangkok. At the very least, they had to issue a joint statement. Because they failed to reach a cease-fire agreement, they

had to issue a statement that sounded like a cease-fire agreement. They opened the way for the Khmer Rouge to change its mind and sign the statement at a later time.

Regardless of whether that happens, what is certain is that from now on, the relationship between the Khmer Rouge and the government of General Chatchai Chunchavan will not be the same as it was, and the relationship between the Khmer Rouge and the other two factions in the coalition government will no longer be the same as before. The Khmer Rouge has allowed itself to become isolated from the process of solving the Cambodia problem. They are being kicked out of the international political arena.

The strategy of isolating the Khmer Rouge that was implemented by a group in Bangkok that wants peace has been successful. But what they have not yet proven is that isolating the Khmer Rouge will soon lead to the permanent peace that they long for.

Cambodia may be sold to capitalists in Thailand or auctioned off to Western countries or Japan. But it's hard to believe that any group will be able to sell the Khmer Rouge from Cambodia. It's quite possible that there will be a protracted war in that country unless the problems are solved in a way that is fair to all sides. Thus, we will have to wait and see if the ideas and cleverness of those in Bangkok who want peace achieve anything.

#### **Sihanouk's Position in Alliance Noted**

90SE0058B Bangkok THAI RAT in Thai 11 Jun 90 p 5

[Column by Pleo Si-ngeun]

[Excerpts] As expected, the signing of a cease-fire agreement between Mr. Hun Sen and Prince Sihanouk in Japan has achieved very little, because China has announced that it won't accept this agreement. Moreover, Prince Sihanouk has played his old role. That is, he changes his mind every hour. Gen Chatchai Chunchavan, our prime minister, is probably scratching his head all the way to the United States.

It is the Khmer Rouge who are the heart of the Cambodia problem. As everyone knows, it was the Khmer Rouge who committed genocide in Cambodia, killing millions of people, during the period that they held power in Cambodia. That was before the Heng Samrin faction, or "Vietnamese" Cambodians, drove them out and seized power there.

The leader of the Khmer Rouge is Mr. Khieu Samphan. After the Khmer Rouge was driven out of power and became an outside force like the Son Sann and Sihanouk factions, they formed an expatriate coalition government.

For political reasons of both Thailand and other countries, the CGDK [Coalition Government of Democratic Kampuchea] headed by Prince Sihanouk was recognized by the United Nations. The Hun Sen government, which



controlled most of the area and most of the people in the country, was viewed as an illegal government. "Illegal" because half of the world was unhappy about Vietnam's invasion of Cambodia and wanted to isolate Vietnam.

At the same time, even though the United Nations recognizes the Sihanouk government, Mr. Khieu Samphan, the head of the Khmer Rouge, is hated, because he is viewed as an international criminal who killed millions of people. But neither Prince Sihanouk nor Mr. Son Sann have been able to "eliminate" or force Mr. Khieu Samphan from the coalition. Because the fact is, it is the Khmer Rouge who are the strongest in terms of both weapons and manpower. And don't forget that the Khmer Rouge receives open and direct support from China.

This is the state of things today. Many people wonder who has elevated Sihanouk and put him in the world political arena, including the negotiations in Japan. Mr. Khieu Samphan is like an accessory. But the truth is, the real leader is Mr. Khieu Samphan. He has the right to be arrogant and is so arrogant that he refused to participate in the negotiations. He refused to sign the agreement, and no one could force him to do so. [passage omitted]

If Sihanouk stays in Cambodia, that will cause many headaches for Thailand. I am sure of this based on history. That is, if both Cambodia and Vietnam are at peace there, they will almost certainly turn and attack Thailand. We don't have to look too far back in history. People around the age of 40 probably remember the trouble that Prince Sihanouk caused during the period that he ruled Cambodia. He caused many problems for Thailand. When he ran into trouble, he came to us for help, and we helped him.

Yes, Thailand likes to raise cobras. Thais like to make merit. We like the word "ohosi." We should implement a policy of being friends with everyone, that is, we should deal with both the Sihanouk and Hun Sen factions and let them handle their internal affairs by themselves as long as they don't cause trouble in our country. [passage omitted]

#### **Columnist: Khmer Rouge 'Isolated'**

90SE0058C Bangkok DAILY NEWS in Thai 8 Jun 90  
p 2

[Column by Phirun Suwan]

[Excerpts] The Cambodian peace conference held in Tokyo concluded last Tuesday. Many people probably feel that little progress was made, because the Khmer Rouge refused to sign the cease-fire agreement. Many think that the fighting will continue. [passage omitted]

Looking at the diplomatic game, the Khmer Rouge made a major mistake in refusing to sign the cease-fire agreement. No one was surprised by the attitude of the Khmer Rouge, because it was expected that the Khmer Rouge would find a way to cause trouble. [passage omitted]

The attempt to form a National Supreme Council may fail if the Khmer Rouge continues to wage war, claiming that it knows nothing about the cease-fire agreement between Prince Sihanouk and Hun Sen. The Khmer Rouge may win on the battlefield, but diplomatically, it has suffered a major defeat. [passage omitted]

If a National Supreme Council is established, that will mean that the CGDK, [Coalition Government of Democratic Kampuchea] which is composed of the Sihanouk, Son Sann, and Khmer Rouge factions and which has been recognized as the legitimate government by the United Nations, has been disbanded. The same thing will be true for the Phnom Penh government. The Khmer Rouge will be isolated because of its refusal to participate in forming this National Supreme Council.

This mistake by the Khmer Rouge will affect the UN's decision on recognizing the Cambodian government. Analysts believe that given the results of the conference in Tokyo, the Western super powers and the Soviet Union will probably support the new government, which will include Prince Sihanouk, Mr. Son Sann, and Mr. Hun Sen. That will leave only China to support the Khmer Rouge. But China's position is unclear. [passage omitted]

The plan to isolate the Khmer Rouge will become even clearer at the meeting between the four Cambodian factions and the five permanent members of the UN Security Council. This meeting is scheduled to be held in July. [passage omitted]

#### **Columnist Notes Thai Sanctuary**

90SE0058D Bangkok DAILY NEWS in Thai 11 Jun 90  
p 2

[Column by Trairat Sunthonpraphat]

[Excerpts] The leaders of the various Cambodian factions have been playing a very vicious game against each other, but the situation has now actually improved. Sihanouk signed the cease-fire agreement, as did the Heng Samrin and Son Sann factions. But the Khmer Rouge refused to sign the agreement.

Everything has happened as DAILY NEWS predicted it would. That is, Hun Sen has persuaded Sihanouk and Son Sann to sign an agreement. If the Khmer Rouge wants to show off, it can be left to its own devices. That will simplify the problem, because instead of having three factions, there will be just one, the Khmer Rouge.

Actually, the Khmer Rouge must rely on China. They use Thailand as a sanctuary and rely on help here in obtaining foodstuffs and men. If Thailand took a tough position and asked the Khmer Rouge to reach an agreement with Hun Sen, the Khmer Rouge would have to give in and stop being so rebellious. And if Thailand called on China, Beijing would probably give in and put pressure on the Khmer Rouge to make concessions. That

is preferable to allowing the Khmer Rouge to continue fighting, because that will not benefit anyone. [passage omitted]

Thailand, which wants to see an end to the fighting in Cambodia, must think about putting pressure on the Khmer Rouge. Thailand can use various measures in cooperation with Japan, the United States, and other countries that hate the Khmer Rouge. It can try to persuade the Chinese government to shift directions or help put pressure on the Khmer Rouge to accept the conditions already accepted by the other Cambodian factions. [passage omitted]

The Khmer Rouge, which has announced that it will continue fighting, will encounter difficulties if Thailand refuses to allow them to use the border as a sanctuary. And if China complies with Thailand's request, the Khmer Rouge, which was once so strong, will find itself in great trouble. [passage omitted]

If everyone has to face the Khmer Rouge from just one direction, it will be much easier. [passage omitted]

#### **Army Plans Development, Anti-Poverty Roles**

*90SE0051B Bangkok THAI RAT in Thai 12 May 90  
pp 1, 17, 22*

[Excerpt] [passage omitted] On 11 May, Major General Anuson Kritsanaserani, the secretary of the army, said that in the current situation, the army must shift from preparing for war only to providing support for national development. This is because the number of clashes along our borders has declined, and in the future, the army will have to play an important role in the war on poverty. Thus, the army is adjusting its forces by disbanding some skeletal units and other units that are not up to full strength. It is also disbanding some skeletal combat units that were once readied for reinforcement along the border. These forces will be assigned to the Development Division in order to strengthen this unit. Operations has been given the task of deciding which units to disband.

The secretary of the army said that it was General Suchinda Kraprayun, the RTA CINC [Royal Thai Army Commander in Chief], and General Wirot Saengsanit, the army chief of staff, who gave the order to reinforce the Development Division. They wanted to follow through with the idea of General Chawalit Yongchaiyut, the deputy prime minister and minister of defense, who initiated this when he was RTA CINC and acting supreme commander. The idea is to use the army to fight poverty and build a "small but effective" army. Instead of drafting more people to strengthen the Development Division, personnel will be transferred from other units to the Development Division. Because at present, some units are overstaffed.

Besides this, the army is making preparations to open vocational classes for lower-ranking personnel so that they can leave the military and work in the private

sector. They will form a pool of human labor resources in the future. This will support the policy of General Chatchai Chunhawan, the prime minister, who once said that Thailand lacks laborers. At the same time, there are now many projects in Thailand that require large numbers of laborers. For example, there are jobs at industrial plants, and jobs have been created as a result of developing the eastern and southern seaboard. These are expanding, with the result that there has been much investment in Thailand.

Major General Anuson said that the army has decided to train laborers to help satisfy the needs of the private sector, because besides supporting the government in producing personnel, this will also help improve the morale of the soldiers. Because today, one of the major concerns of army commanders is the fact that lower ranking soldiers have reached the top pay grade and can't advance any higher because of the lack of positions. Opening these classes is considered to be the first step in the program. In the future, centers will be opened in all four army regions. Besides training just soldiers, the families of these soldiers will also be able to attend the classes.

The army secretary pointed out that General Wirot Saengsanit, the army chief of staff, has ordered the units concerned to survey the labor needs of the country in order to use the data collected to formulate a training curriculum in the army.

#### **Reportage Continues on Southern Unrest**

##### **Kru-ze Rally, Lese Majeste Charge Analyzed**

*90SE0062A Bangkok KHAO PHISSET in Thai  
11-17 Jun 90 pp 27, 28*

[Article by Sathit Yuwananthakarun]

[Text] The rally by Shiite Moslems, a pro-Khomeyni Muslim sect, at the Kru-ze mosque in Pattani Province is another manifestation of the attempt to make Pattani independent of Thailand.

After only six years of quiet struggle by Shiite Muslims, who are followers of Khomeyni, the former leader of Iran who died at the beginning of June last year, this group has grown in size and begun carrying on activities openly. Their most recent activities pose a serious challenge to state power.

Since last October, this Shiite group has held 19 rallies at the Kru-ze mosque. The 19th rally was held on 2 and 3 June on the first anniversary of the death of Khomeyni. This was a huge rally that attracted people from several southern provinces, and there were even people from Bangkok. They boldly announced that the 1 km area around the Kru-ze mosque, which is located about 4 km from Pattani City, was a liberated zone free from state power and prohibited state officials from entering this liberated zone.

The insane act that showed their intention of opposing state power was the formation of a youth group to serve as a "commando unit." These youths carried sticks and rocks. They blocked the roads and checked each car that passed.

One commando clearly yelled out, "I am seizing Thailand." About an hour later, Police Lieutenant Colonel Prasoet Satdiphan, the deputy police superintendent in Pattani, was surrounded by people and hit in the head twice by a stick. The mob surged around him as he fell to the ground, and another commando who was carrying a rock threw the rock at his head. However, the rock missed his head and hit a food table.

The incident came to an end when the commando group took Police Lieutenant Colonel Prasoet onto the platform in the middle of the rally area and Mr. Phairot Sasanaphiban, one of the pro-Khomeyni Shiite leaders, asked that Police Lieutenant Colonel Prasoet be released, because they had been friends when they were students in primary school.

The next day, this Muslim group announced that they would kill any government official and beat any Thai Buddhist who entered their liberated zone. They fired at a truck carrying durians and threw rocks at the car driven by an instructor at Songkhla Nakharin University who refused to stop. Thus, the leaders were issuing a challenge to state power.

Even though the crowd has now disbanded temporarily, they have not abandoned their goal of splitting away from Thailand. Officials from the Ya Rang District Police Station discovered a man distributing banknotes on which horns had been drawn on the king's head. Officials are looking for the source of these banknotes. What is even worse is that during the rallies, people made indirect references criticizing the monarchy. In every case, they used the Yawi language. In the past, the Thai government refrained from using violence to suppress this, fearing that these Muslims would use this to expand their front.

But in the end, the government decided that it had to take action against those who had broken the law. After holding several meetings to review matters during the time of the rally at the Kru-ze mosque, the government took action in the hope of eliminating this pro-Khomeyni Shiite group, whom officials named "agitators who cite religion" or "religious political agitators."

Intelligence obtained by officials clearly indicates that in 1985, this group of agitators started stirring up trouble by demonstrating against the order to have Moslem students pay obeisance to monks, which was in fact not the case at all. In 1988, there was the issue of making Muslim students wear the same dress as Thai Buddhist students. In both cases, the demonstrations were carried out in order to get the Sunni Muslims to accept the leadership of the Shiite Muslims, who led the resistance.

At that time, this group of demonstrators was known as the "Islamic Revolutionary Movement." Their goal was to separate the southern border provinces from Thailand. As a reason, they cited the conflicts that have arisen because of religious differences. They expanded their mass base. And the 19 rallies at the Kru-ze mosque are another factor in this situation. These were held with financial support from abroad.

The country that has constantly supported this group is located in the Middle East. The Thai government has never mentioned the name of this country. But every time a rally has been held, pictures of Khomeyni have always been held high like a combat banner.

A report stated that this group has constantly received financial support for its rallies and that it is hoped that news of this will reach the country that gave the money and the world outside. If the Thai government is provoked into using violence to suppress this, this will fit into their plan to tell the world that the Thai government is oppressing the Muslims. They will use that to claim that the time has come to wage a separatist struggle.

A recent report states that the percentage of people in Pattani who support this Shiite group has increased from just several percent to 20 percent. If the original hands-off policy is continued, this group will continue to expand and build an even bigger movement. Thus, the government must change its policy and take steps to nip this in the bud, beginning with eliminating the head of the movement.

But immediately after a warrant was issued for the arrest of the leaders of this group, these people fled the country. It is thought that they are hiding in Malaysia. Two well-known leaders whom officials want to catch because of their involvement in everything that has happened are Mr. Sarayut Sakunnasantisat and Mr. Phairot Sasanaphiban.

Both men are former government officials in the south. Among Shiite Muslims, Mr. Sarayut is known as "Mo Ding." He used to be a public health official. Mr. Phairot used to be a public welfare official in Yala Province.

In trying to end this separatist movement, the government knows that it may not be able to use suppression measures, because this is both a political and a religious movement. Also, this group is gaining more and more support among Sunni Muslims. Thus, the government has turned to providing political education and allowing Islamic leaders to provide religious knowledge and information about the things that have happened in an attempt to win back the Muslim community.

The 19 rallies at the Kru-ze mosque are a painful lesson that the government must remember. They are another example of the separatist problem in the southern provinces. The fragileness of the religious issue stemming from the differences between Buddhism and Islam is a factor that can be used by these people.

An example is the matter of the Kru-ze mosque. Those who want to split away from Thailand made use of the mistake made by the Fine Arts Department, which announced that the Kru-ze mosque was being registered as a national ancient remains. As a result, Muslims criticized the government for interfering in the religious affairs of Muslims even though the government's only objective was to use budget funds from the Fine Arts Department to restore this mosque.

Even though the growth of this movement has been halted for the time being, if the government does not take care to prevent future incidents, the southern separatist movement could arise again in several other forms, and it may not be possible to solve this problem once and for all.

#### **Muslim Patriarch Comments**

90SE0062B Bangkok THAI RAT in Thai 8 Jun 90  
pp 1, 14

[Excerpt] [passage omitted] Mr. Prasoet Mahamad, the Head of the Islamic Faith in Thailand, talked with a reporter yesterday morning at his office on Ekkamai Lane. He said that he had frequently received reports about the incident from the Islamic Central Committee of Thailand. Government officials should arrest the Shiite leaders and punish them. Whoever violates the law should be prosecuted in accord with the law. Officials don't have to fear religion, because we all live in Thailand under the nation, religion, the monarchy, and the constitution. Thus, these people should be arrested in accord with the law. Criminals cannot use religion as a shield.

The head of the Islamic faith in Thailand said that these people have attacked even the Office of the Head of the Islamic Faith in Thailand on several issues. An example was the matter of taking pictures of women to make I.D. cards. This requires the women to remove their veils, because some women cover their entire head, leaving holes only for their eyes. This makes it impossible to take their picture to make an I.D. Card. The Office of the Head of the Islamic Faith in Thailand solved this problem by finding female photographers to take the pictures in closed rooms. Even so, there was still much resistance to this, and much criticism was leveled at the Office of the Head of the Islamic Faith in Thailand. Some people have said that he will issue an order forbidding people to hold rallies at the Kru-ze mosque. But he said that the Office of the Head of the Islamic Faith in Thailand is not involved in this. It is the government that must handle this matter. [passage omitted]

#### **Assistant Army Commander Wimon's Remarks**

90SE0062C Bangkok SIAM RAT in Thai 29 May 90  
pp 1, 16

[Excerpts] [passage omitted] General Wimon Wongwanit, the assistant RTA CINC [Royal Thai Army Commander in Chief], talked with reporters about the situation in the south, particularly the activities of Shiite

Muslims. He said that there have been some demonstrations but that the situation is not serious. As for the Shiite group, the Malaysians do not consider them to be Muslims. And some groups of Thai Muslims do not consider them to be Muslims either. He said that he plans to visit the south at the beginning of June in order to see what the problems are. [passage omitted]

When asked if the situation and violence in the south have grown worse because of the support given to these groups by a country in the Middle East, General Wimon said that we can't say that support from the Middle East is responsible for the conflicts here, because we don't have conclusive evidence. We are apprehensive about each other. He said that the interests of the country and the well-being of the people are more important. The reporter asked whether religious fanatics were responsible for this. General Wimon said that some of these people have engaged in these activities for personal benefit and not for religious reasons. We have to solve this problem. It shouldn't take too long. However, we will not use violent measures.

General Wimon said that with respect to problems with state officials, there are now very few such problems. "The problem that will become more important in the south in the future is the narcotics problem. Narcotics pose a danger to all people regardless of whether they are Thai Buddhists or Thai Muslims. We must suppress narcotics," said General Wimon. When asked about the problem of war weapons, he said that there are a large number of such weapons. These come from outside the country. They are brought into the country along all our borders. He said that we are coordinating things with Malaysia in order to solve this problem. In terms of the priority given to the various problems, narcotics and security are the main problems. [passage omitted]

#### **Specialists, Officials Continue Discussion of Patents, GATT Issues**

##### **Institute Protests Drug Patent Law Changes**

90SE0061A Bangkok NAE0 NA in Thai 9 Jun 90  
pp 1, 20

[Excerpts] [passage omitted] At 1330 hours on 8 June, a statement was issued at the conference room of the Social Sciences Research Institute, Chulalongkorn University, concerning the matter of General Chatchai Chunhawan, the prime minister, using the Patent Law as a bargaining chip in return for obtaining GSP [Generalized System of Preferences] rights and keeping the United States from imposing Article 301 of the U.S. Trade law. Scholars from the Social Sciences Research Institute, groups that have studied the drug problem, and the Coordinating Committee of the Private Development Organization for Basic Public Services joined in issuing this statement.

Professor San Hatthirat said that if we revise the Patent Law as the United States wants, this will entail revising

both drug production patents and pharmaceutical patents. This will create a monopoly in marketing and producing drugs. The price of drugs will skyrocket, and it will not be possible to distribute drugs everywhere. Besides this, because of the pharmaceutical patents, more than 80 percent of the country's pharmaceutical industries will suffer such heavy losses that they will have to go out of business. This will also obstruct the development of drug production in Thailand.

Professor San said that the benefits that Thailand will gain from revising the Drug Patent Law, such as GSP rights, are all short-term benefits. He said that he has seen what has happened in other countries, such as Singapore, Taiwan, and South Korea, that have revised their patent laws. It wasn't too long before their GSP rights were revoked for other reasons. Thus, the benefits that Thailand will receive from revising our Patent Law aren't worth the cost. The damage from doing this will linger far into the future.

Professor San said that Thailand's Patent Law, which was promulgated in 1979, is still suited to Thailand's economic and social situation, and it is in accord with international patent laws. Thus, we shouldn't let anyone pressure us to revise this law. That would be tantamount to allowing them to trample on our national sovereignty. [passage omitted]

Professor San stressed that revising the Patent Law will have a strong effect on the country and the people. The government should hold a referendum before taking action on this. "This is not the internal affair of politicians and people who export goods to the United States, because it is the Thai people as a whole who stand to lose from this." [passage omitted]

#### Column Views GSP, U.S. Ties

90SE0061B Bangkok BAN MUANG in Thai 11 Jun 90 p 5

[Column by Ta Mo Lo]

[Excerpt] [passage omitted] Prime Minister Chatchai's trip to the United States is nothing to worry about. This is evident from the fact that President Bush has scheduled only a 15 minute meeting for Prime Minister Chatchai. They certainly can't discuss much in 15 minutes. This indicates that there aren't any "problems."

I think that all the problems have been settled at the level of officials or at the ministry level. There are probably just a few problems waiting a decision by the leaders of our two countries. One is the narcotics problem. The United States has charged that Thailand is a narcotics transit point. Thailand has tried to make its narcotics laws tougher by allowing the seizure of assets.

As for drug patents, there has been a major movement to revise the law to satisfy the demands of the United States. And there have been rumors that Thailand will give in and open its markets to American cigarettes. As

for Thailand giving in to U.S. demands, I am sure that this is the policy of Prime Minister Chatchai, who wants to maintain our GSP [Generalized System of Preferences] rights. The prime minister considers this to be the heart of Thai exports to the United States.

Scholars have continually opposed giving in to the United States in exchange for GSP rights, because Thailand is still a very backward country with respect to science and technology. Giving in to the United States in exchange for GSP rights is like committing suicide gradually. This will have a long-term effect on national development. The cost of some goods, such as drugs, will skyrocket. And this will affect the policy of distributing drugs to the rural areas.

It seems that Prime Minister Chatchai's policy with respect to the United States is to give them everything in exchange for "exports." Scholars feel that we are approaching the danger point.

Recently, the government did a very "wonderful" thing, that is, it freed Thailand's monetary system. It is no longer under the control of the International Monetary Fund. Monetarists such as MR [royal title] Khukrit Pramot feel that this is tantamount to liberating ourselves on the monetary front. We hope that the prime minister does not hitch our trade independence to the U.S. yoke. GSP rights are not critical to the survival of the country. This is just a short-term piece of luck. The United States can withdraw these rights at any time, as Singapore, Taiwan, South Korea, and Hong Kong learned. And Thailand would, sooner or later, become another target. [passage omitted]

#### Commerce Secretary Phatchara on GATT Issues

90SE0061C Bangkok NAEON in Thai 28 May 90 p 13

[Text] Mr. Phatchara Isarasanano, the under secretary of commerce, said that Thailand is preparing its position on the intellectual property issue in order to negotiate this issue within the framework of GATT, which is an international agreement to oversee world trade. The intellectual property issue is one of 15 issues to be discussed in GATT.

In June, each country must submit its position on various problems to GATT. Final deliberations will take place in December. Various countries have already begun submitting drafts concerning intellectual property to GATT. The developed countries want to protect all types of intellectual property, including copyrights, patents, and trademarks. The developing countries, on the other hand, feel that each country should decide what to protect as appropriate, especially drugs.

The developed countries have proposed that items be protected for 20 years instead of the present 15 years. But the developing countries feel that each country should be allowed to stipulate the time period. As for requiring people to reveal rights to data in intellectual

property, such as copyrights, the developed countries want to restrict forcing people to reveal data only to situations in which there is an emergency or it has been determined that the monopoly law has been violated. The developing countries, on the other hand, have proposed opening this up more, particularly in cases that concern the interests of the majority of the people.

The developed countries want to investigate rights violations at the points of entry and exit. But the developing countries do not think that this can be done. And the goods that can be checked at the points of entry and exit will be mainly goods with fake trademarks. It will not be possible to control other goods that violate the law.

The various draft proposals will be sent to the Trade Committee of GATT in order to reduce the conflicts as much as possible before the results are submitted at the meeting of trade ministers of the GATT countries. If an agreement is reached, each country, including Thailand, will have to revise its laws, including its copyright, patent, and trademark laws. And new laws will have to be promulgated for certain types of activities.

Thailand will probably have to promulgate some new laws, such as on circuit designs. If an agreement is reached on promulgating various laws, this will be completed within five to 10 years.

#### **Doctor Comments on Drug Patent Law**

*90SE0061D Bangkok MATICHON in Thai 27 May 90  
p 10*

[Article by Dr. Withun Ungpraphan]

[Text] Thailand's present Drug Patent Law, which was promulgated in 1979, makes exceptions and does not give patent protection to certain inventions. Drugs are one of the exceptions. Thus, drugs, whether in the name of a chemical formula, a generic name, or a trade name, cannot request a patent. But a patent can be requested for the process used to produce a chemical or the substance used to make a drug in order to protect the production process in accord with the present law.

Thus, it can be said that our law does not allow people to obtain "drug patents," but "drug production methods" can be patented. As for why we should not allow drug patents, those who support the 1979 Patent Law feel that "that would not benefit people in general. That would cause problems for consumers. It would affect the lives of most people."

If this law is revised to allow drug patents, those holding the drug or chemical patents will have sole rights with respect to producing, selling, and possessing the drugs for sale or transferring these rights to someone else. Those who hold these rights will certainly demand compensation when they give authorization or transfer these rights.

Those who hold the patent rights to a drug will have a monopoly on producing and selling that drug during the

life of the patent, which the law has set at 15 years. Thus, the patent holder can make unlimited profits from this drug in accord with the law throughout this period. And if that drug is necessary to the lives of most people, this will definitely cause problems for the consumers.

Looking at today's medical and public health problems, it can be seen that the main type of drugs that will be sought will be antibiotics because of their necessity in medicine. Because they are so necessary, much research will be devoted to finding new antibiotics to replace older, less effective antibiotics. New drugs have to be found, because bacteria develop an immunity to antibiotics as time passes. Another type of drug that will be produced will be anti-viral drugs, such as drugs to fight AIDS. Today, there are no really effective anti-viral drugs. People are also working on developing a drug to treat cancer. Finally, scientists are trying to discover immune reaction suppressers for use with patients who have received an organ transplant. This is because organ transplant technology has advanced greatly. In developing these drugs, besides costing a lot of money, this also requires much experience and modern technology. Only a few large international drug companies have the resources to do the research to find these drugs. Thus, allowing people to obtain drug patent rights will enable just a few groups to make huge profits over a long period of time.

Actually, looking at the production potential of the large international drug companies, these companies already have a chance to monopolize the distribution of new drugs even though there are no drug patents in Thailand. This is because in discovering a new drug, one company usually discovers the drug before anyone else. During the period of looking for and testing the drug, the company that has discovered the drug has a chance to produce the drug and sell it on the market all by itself. This is because other companies that want to produce this type of drug will have to spend time developing the necessary technology and knowledge before they can produce this type of drug.

Thus, during the period when there is no competition, the company that discovered the drug will have a monopoly on this drug even if there is no drug patent. How long this monopoly lasts depends on the capabilities of other companies, that is, on how long it takes them to develop a similar drug. If they can produce the same type of drug in just a short period of time, the original company will have a monopoly for just a short time. If it takes them longer, the company will enjoy a monopoly for a longer period.

But granting drug patents is tantamount to granting a monopoly for the length of the patent. The losses stemming from this monopoly will last for a long time.



**Deputy Prime Minister Comments on State Enterprise Role***90SE0059B Bangkok NAO NA in Thai 7 Jun 90  
pp 1, 20*

[Interview with Deputy Prime Minister General Thianchai Sirisamphan; date and place not given]

[Excerpt] [NAEO NA] In your capacity as chairman of the National State Enterprise Committee, what path will be taken?

[Thianchai] As for developing the state enterprises, we think that the existing state enterprises can be developed to benefit the country more than at present. There are several things that can be done to enable them to benefit the people more and earn greater revenues.

They must be enabled to grow in order to benefit the people more with respect to services and increased revenues. Things can be improved if everyone responsible looks for ways. As for social fairness, in my view, the benefits received by state enterprise workers and government officials should be about the same. Because both state enterprise workers and government officials are officials of the state. Their benefits and incomes should be about the same. This should be based on their knowledge and capabilities, the difficulty of the work, and the work hours. We should use these figures, and there may be other factors as well. In the past, few people were interested in working for a state enterprise, because the benefits were not as good as those of government officials, who received retirement benefits and other benefits. But today, people want to work at a state enterprise. The cabinet has passed a resolution stating that the initial salaries of state enterprise workers cannot exceed that of government officials by more than 20 percent. Such salaries are very attractive now that the benefits of state enterprise workers are on a par with or even better than those received by government officials. I think that the direct and indirect benefits should be about the same for the two groups. That does not mean that they must be the same or that government officials must receive more. What I mean is that the difference must not be too great.

[NAEO NA] Will the policy on transforming the state enterprises be continued?

[Thianchai] The government prefers not to use the word "transform." But in any event, I think that there is still much that can be done to improve things. We have to remember that the state enterprises belong to all the people. The 55-56 million people are the shareholders. We have been employed by them to administer things. That includes me, the cabinet, the workers, and government officials. We all work for the shareholders. We feel that we should do everything possible to satisfy the needs of the shareholders. [passage omitted]

**Suchinda on Crime Problem, Intelligence Cooperation With Police***90SE0059C Bangkok NAO NA in Thai 24 May 90  
pp 1, 20*

[Excerpts] [passage omitted] General Suchinda Khrapayun, the RTA CINC [Royal Thai Army Commander in Chief], called on ISOC [Internal Security Operations Command] officials to help bring a halt to the nation's deteriorating situation, which is growing worse because of the dark influences.

General Suchinda made this appeal when he chaired a meeting of ISOC officials from Bangkok and the provinces. [passage omitted]

Those at the meeting discussed what steps to take to prevent a rekindling of the revolutionary war.

During the meeting, General Suchinda said that everyone has responsibilities in his own locality. These internal security activities will affect the nation's security. Today, the situation in Generaleral and in certain areas seems to be very complex. The situation is growing worse. This has become clearer and clearer. This includes the terrorist activities of certain groups and the spread of dark power influences without any fear of the law or state power.

"The ISOC cannot remain idle or allow this situation to continue. Everyone must join together once again in order to solve these problems, build a good life for and protect the people, and maintain the nation's security," said the RTA CINC at the meeting.

In an interview with reporters following the meeting, General Suchinda said that he introduced a policy stressing the communist threat at the meeting. He said that we must monitor this situation. The ISOC must wage a struggle against poverty, because national security depends on the well-being of the people.

A reporter asked what steps the ISOC will take to solve the problem of dark power influence in the localities. The RTA CINC said that the ISOC will take steps to deal with this, because it is composed of military, civilian, and police officials. They have discussed eliminating all forms of influence. There will be good cooperation. There is no need to worry about that.

As for what the army will do to help the police suppress these influences, General Suchinda said that the army and the police regularly exchange intelligence. Normally, this is the duty of the police. But if there is intelligence concerning threats or even ordinary crime, if the army learns of this, it will report this information to the police. [passage omitted]



### Paper Supports Suchinda on Crime Issue

90SE0059A Bangkok NAE0 NA in Thai 25 May 90  
p 13

[Editorial]

[Excerpts] General Suchinda Khraprayun, the RTA CINC [Royal Thai Army Commander in Chief], discussed the country's situation, saying that things seem to be very complex today. The situation has deteriorated as a result of the changes made. The ISOC [Internal Security Operations Command] cannot remain idle. Every unit must help protect the people and maintain national security. [passage omitted]

There has not been any fighting since 1980, but the factors that pose a threat to the country have not been completely eliminated. These factors include corrupt government officials, influential people who are destroying the nation's resources, large criminal gangs, financiers who are exploiting the farmers, and an economic system in which the "bigger fish eat the smaller fish." The gap between the rich and the poor has become very wide. The politicians don't represent the people. Instead, they are an interest group, and some of them have forged links with influential godfathers and used their dark powers to expand the evil in all directions.

General Suchinda was right when he said that the situation is now at a turning point. It is clear that things are growing worse. Thus, the army and the ISOC still have a mission to accomplish. [passage omitted]

### Judge Comments on Drug Law Patent Issue

90SE0051A Bangkok THAI RAT in Thai 7 May 90 p 5

["Quality of Society" column by Bophit Kaothira]

[Excerpts] [passage omitted] "Drug patent" refers to the legal right of the inventor of a new drug to have a monopoly on the use and sale of that new drug. The purpose of this is to protect the rights of the inventor and prevent others from copying his ideas without compensating him. Besides that, inventions that qualify for this must be new, and it must be possible to use them in industry to benefit the industrial development of the country. [passage omitted]

Countries such as the United States, Japan, and the European Community are pressuring Thailand to revise its Patent Law to have this law protect drugs, too. The main reasons for this are the balance of trade and economic problems of those countries.

In particular, the United States has charged that Thailand has not taken adequate steps to protect intellectual property. The United States has cut the GSP [Generalized System of Preferences] rights once extended to certain Thai goods.

Concerning people's views on this problem, two knowledgeable people who have been closely involved in this

matter gave their views on this matter. One is Mr. Charat Phakdithanakun, a judge who has had to deal with this problem for a long time.

"If Thailand revises the 1979 Patent Act in order to protect drugs, I think that that would have a great impact on us. Even though this would not affect drugs now on the market, I'm afraid that this would affect the sale of new drugs in Thailand. People would have to pay a much higher price for these drugs. The poor people would definitely be affected by this. And there might be other problems.

"After considering various points, my conclusion from the legal standpoint is that there is nothing in Thailand's Patent Law that violates or contradicts international law on this. Our Patent Law is on a par with the patent laws of other countries at the same level of economic and industrial development as Thailand. However, it is not necessary to reduce the degree of protection afforded, and we should not do that."

In addition to the views of Mr. Charat, another lawyer who has followed this issue closely said that :

"I feel that we should take a broad view of the drug patent problem, because this concerns many other issues, too. The United States once threatened to cut drug sales to countries that fail to protect drug patents. Regardless of whether it actually does that, I think that protecting drug patents would benefit us in many ways. But what concerns me is that if we protect these patents, will measures be implemented to control drug prices. In short, a drug patent law should be promulgated sometime, but this is not the right time, because we are not yet in a position to do things ourselves."

In summary, Thailand has come to a junction and must decide which road to take. Each one has advantages and disadvantages. Those who have thought about this problem agree that at some point in time, Thailand will have to recognize and protect the drug patents of other countries. But at present, we are not in a position to rely on ourselves completely. If we protect these patents, there would be a price monopoly, and this would cause problems for Thais. Thus, the way out is for us to delay things for as long as possible until we can stand on our own feet.

### NESDB Orders Planners To Revise 1992-96 Forecasts

42000091A Bangkok BANGKOK POST in English  
14 Jun 90 p 17

[Text] The National Economic and Social Development Board [NESDB], viewing the economic growth forecast of 8-10 percent annually during 1992-96 as too optimistic, has instructed its planners to revise their macro-economic projections for the Seventh National Development Plan and make them more realistic.

An NESDB source said the board, chaired by Dr Amnuay Viravan, met recently to discuss the initial macroeconomic projections made by its planning staff.

The planners projected an average annual growth rate of 8-10 percent for the economy and 20 percent for exports during the course of the plan, 1992-96.

They also predicted an annual inflation rate of 4-5 percent and that the country's current account would turn black in the final year of the plan.

The source said the board criticised these projections as too optimistic and some of the figures as unrealistic.

The board pointed out that the projections had not been based much on economic environments both here and abroad. Some factors like the volatility of interest and foreign-exchange rates, as well as possibly growing trade protectionism resulting from the European Community single market, had not been taken into consideration, it noted.

So it said these projections should be revised to be more realistic.

Asked to comment on this, Dr Supachai Panitchpakdi, a senior official of NESDB, admitted that there were such criticisms at its recent meeting.

He said he also proposed at the meeting that many other important factors should be taken into consideration when drawing up a macroeconomic picture for the country under the Seventh Plan.

"In forecasting the main picture of the economy, regional growth rates countrywide should be worked out and growth targets for each region should be stated, as well," he stressed.

#### Uncertain Factors

He said such uncertain factors as commodity prices, foreign-exchange and interest rates should also be taken into account.

The planners had used the inflation figure of 4-5 percent at the end of 1989 as the basis for calculating future inflation rates, without taking into consideration the fact that inflation now stands at over 6 percent. This should also be revised.

Dr Supachai added that the government investment plans under the Seventh Plan were also unrealistic as they stated that all investment would be carried out by the Government—contrary to the present fact that some of the investment projects will be undertaken by the private sector.

"We should also think about and plan the development of the domestic market, rather plan relying more on export markets.

"If we are to rely more on export markets and aim for 20 percent growth in exports per year, that would mean

huge imports to finance investment and production, causing the country to be unable to enjoy a current-account surplus in 1996," Dr Supachai stressed.

#### Weekly Urges Reorganization of State Enterprises

90SE0051C Bangkok SIAM RAT SAPDA WICHAN  
in Thai 13-19 May 90 p 2

[Editorial]

[Excerpt] [passage omitted] Something that must be admitted is that the work done by many state enterprise officials is not in line with their salaries, which come from the taxes paid by the people. Moreover, there are also many other loopholes. This is because the state enterprises are free from competition and so people feel that they can spend money any way they want.

Thus, before the government decides to increase the salaries of state enterprise officials to the level of salaries paid government officials, we feel that the government should review the structure of the state enterprises and separate them by types. That is, in the case of state enterprises that have a monopoly and that set the rates for their services without the people being able to bargain or turn elsewhere for similar services, those state enterprises must consider the interests and convenience of the people. In setting charges and salaries, this should not be done in such a way that this puts a burden on the people who use the services. Or stated another way, if an enterprise is making a profit, the cost of the service should be reduced for the people instead of using the profits to increase the salaries or bonuses paid officials, who have not used any special capabilities.

Besides this, in our view, some of the state enterprises are of the same type and so they should not have separate administrations. An example is the Electricity Generating Authority of Thailand, the Metropolitan Electricity Authority, and the Provincial Electricity Authority. Having separate administrations increases costs and puts a heavier burden on the people.

We do, however, recognize that some state enterprises have to compete against private enterprises. These should be given support or promoted so that they can compete with the private enterprises.

If the government does decide to increase the salaries of state enterprise officials to make them equal to the salaries paid government officials, we feel that the government should also reorganize the units responsible for supervising the work of the state enterprises. Or stated another way, every state enterprise must be under the control and supervision of one government unit instead of being subordinate to different ministries. Today, people tend to think that the state enterprises are there for the ministers to use as a tool in piling up profits.  
[passage omitted]

### **Chamlong Political Organization, Supporters**

90SE0052A Bangkok LAK THAI in Thai 23-29 Apr 90  
pp 17-19

[Excerpts] [passage omitted] **One Year of Trying To Build a Base**

Looking back to before the general election in the middle of 1988, Major General Chamlong decided to establish a political party even though there was nothing to indicate that he was prepared. But the reputation and political acumen of Major General Chamlong gave the Moral Force Party its strength. But just before the election, it faltered, managing to win only 14 seats in parliament.

Important activists in the party, including those who had run as candidates, discussed the reasons for the party's poor showing in the election. The unofficial conclusion was that besides the external factors, such as the reputation of the opposing candidates, an important internal factor was that the Moral Force Party had become a political party of the Santi Asoke religious sect.

In April 1989, the Moral Force Party held its annual plenum ahead of time in order to elect a new executive committee. This was an effort made by people in the party, including several MPs, who wanted a chance to serve on the executive committee and help the party expand.

In the election of a new executive committee, the party members in the camp of the Santi Asoke sect maintained discipline. They maintained their control of the executive committee and pushed aside those MPs who had hoped to become members of the executive committee. But looking at the situation as a whole, all of the members on the new executive committee are still loyal to Major General Chamlong.

Of the members on the new executive committee, the two men who play the leading role in this party are Dr. Udomsin Sisaengnam, an MP from Bangkok, who was elected to the position of party secretary, and Mr. Suthep Atthakorn, the first deputy party leader, who is considered to be the right-hand man of Major General Chamlong in the Moral Force Party. He is the person who built a strong base for the party in just one year.

The Moral Force Political School is the institute for restoring the position of the party. Mr. Suthep is the director of this school. The main mission of the school is to hold seminars on the topic "political engineers." This provides a body of political knowledge from the easy to the more complex. The curriculum includes introductory political science, human relations for political work, mass expansion and organization, and human relations techniques. The final subject that must be studied is mass work and mass agitation.

Political engineering seminars started around the middle of 1989. There are 50-100 people in each class. Only a few classes have had as many as 250 people, because allowing that many people in one class has an adverse

effect on efficiency. The first class to take the seminar lasted seven days. But after that, the curriculum was improved and so the seminars last only 30 hours. There are four hours of training on Friday evening and 13 hours on Saturday and Sunday. The seminars teach technical subjects, but there are also recreational activities to help keep people's attention.

The Moral Force Political School has taught people from a wide variety of professions, including government officials, merchants, people in general, movie stars, singers, and politicians. To date, it has taught 20 classes, or at least 2,000 people.

### **Skilled Canvassers Fill the City**

Even though it is not necessary to be a member of the Moral Force Party to attend the political engineering seminars given by this party, almost all of those who have attended the seminars, particularly the first seminar, have been supporters of the party. Once people have been given knowledge, or "armed with political views," as Mr. Suthep Atthakorn, the director of the school, likes to tell his students, these supporters of the party are better equipped to campaign for the party. They are skilled at reaching the people by expanding on the party's line and extolling the virtues of Major General Chamlong, who is already well known for his honesty. [passage omitted]

As for members of the Bangkok Metropolitan Council or members of the Zone Council, the law stipulates that they are responsible for looking after the well being of the people in the area, but it says nothing about being canvassers for political parties. These people have campaigned before, and they know the area very well. The important thing is that they have the right to use unlimited amounts of money to "support" the needs of the people.

Something that many people may not know is that while each MP has 3-4 million to spend, members of the Bangkok Metropolitan Council have more than just the funds that the administrators must spend to carry on activities in their zones. In discussing the budget, they also have the right to make or request cuts or change certain items and request that funds be spent on certain things as proposed by them. There were examples of this during the time of the previous Bangkok Metropolitan Council. Each council member received 12 million baht. But council members in some zones such as Bangrak, which is a highly developed zone, did not know what to do with the money and so they transferred some of their funds to friends to spend in their zones. As a result, some council members had as much as 23 million baht in development funds.

With skilled canvassers "armed" with ideas and 20 million in budget funds, it isn't necessary to describe how frightening this is.

### Business and Political Advances

In the 3-4 months since the election, it can be seen that Major General Chamlong Simuang, the leader of the Moral Force Party, has changed.

Major General Chamlong has frequently said that his second term as governor will be a period of "advancing" without any possibility of retreat. But he has entrusted everything to the four deputy governors, particularly Colonel Winai Somphong, the deputy governor for administration, who received his training during the four years that he served as secretary to the governor. [passage omitted]

A reliable news report stated that after the gubernatorial election in Bangkok Metropolitan, Police Second Lieutenant Wan Chansua, the president of parliament, telephoned Major General Chamlong to congratulate him, praising him highly. At the same time, General Chatchai Chunhawan, the prime minister, decided to transfer Police General Praman Adireksan, the minister of interior, to the Ministry of Industry, and to move Mr. Banhan Silapa-acha from the Ministry of Industry to the Ministry of Interior, from where he could monitor Bangkok Metropolitan. This announcement, which was made on the Voice of Thailand radio, stated quite clearly that this had been done in order to end the conflict between the Ministry of Interior and Bangkok Metropolitan.

No matter how this is analyzed or by whom, everyone agrees that the Moral Force Party has become a party that everyone, including Police Second Lieutenant Wan Chansua, the president of parliament, and General Chatchai Chunhawan, the prime minister and leader of the Thai Nation Party, must respect.

The efforts by Major General Chamlong and the Moral Force Party to meet with businessmen and politicians have produced excellent results. Today, well-known politicians such as Mr. Suphachai Phanitphak, the former deputy minister of finance, frequently contact the Moral Force Party. As for businessmen, there have been reports that Mr. Chatri Sophonphanit, the managing director of Bangkok Bank, and several other important bankers in Thailand have met with Major General Chamlong many times to discuss things, particularly the establishment of companies or trade activities that will earn investors a profit. But an effort will be made to find goods that can be sold to the people at cost, which will enhance their reputation, too. Much financial support that will never return to the pockets of these businessmen will be received.

The evidence that confirms the good relations between Major General Chamlong and leading businessmen and politicians whose virtues have been acknowledged is the order appointing an advisory team to the governor of Bangkok Metropolitan. Those appointed to serve as advisers were Mr. Kasem Chatikawanit, the president of

the Bang Chak Petroleum Company, Mr. Sophon Suphaphong, the managing director of the Bang Chak Petroleum Company, Dr. Phongsak Withayakon, the director of Bangkok Hospital, Mr. Amon Nonthasut, the form under secretary of public health, Mr. Prathuang Emcharoen, Mr. Konpho Thonyawanik, Mrs. Monthira Lamsa, Mr. Rot Kanchanawanit, Mr. Chumphon Phonprapha, and Mr. Suthon Shunsomcit.

### Leave the Governor's Office To Become Prime Minister

For the various reasons discussed above, it is thought that whenever another general election is held, regardless of whether because parliament has been dissolved or because the administration has completed its term, the Moral Force Party will win a large number of seats. In Bangkok Metropolitan, it is expected to win at least 25 seats. In the provinces, it is expected to win at least 15 seats.

However, the important factor that the MPs and members of the Moral Force Party are all aware of is that if Major General Chamlong runs for parliament, too, the chance of the Moral Force Party winning a stunning victory or winning at least the number of seats predicted is very great. [passage omitted]

### Fiscal 1991 Budget, Plans Reviewed

90SE0051D Bangkok KHAO PHISSET in Thai  
30 Apr-8 May 90 pp 34-36

[Excerpts] [passage omitted] As for the details of the fiscal 1991 budget, looking at the structure of the budget, it can be seen that the total budget of 387,500 billion baht has been divided as follows: 262,682.5 million baht, or 67.8 percent of the total budget, has been earmarked for general expenditures, an increase of 15.4 percent; 103,876.1 million baht, or 26.8 percent, has been earmarked for investment, an increase of 26.6 percent; and 20,941 million baht has been earmarked for debt servicing, a decrease of 17.6 percent. The decline in debt servicing stems from the fact that foreign debt has declined as a result of trying to repay the loans ahead of schedule, and new loans have been taken at a lower rate of interest to pay off the older loans carrying a higher interest rate. Besides reducing the debt burden, the amount of interest paid has decreased, too. Revenues have been set at 387,500 million baht, an increase of 25 percent as compared with last year. [passage omitted]

As for distributing the results of development everywhere equally, the government has allotted special budget funds, saying that these are for developing the rural areas, increasing the efficiency of agricultural production, promoting occupations, promoting the agro-industrial system, solving the land problem for farmers, and distributing basic services and social services to the rural areas. A total of 36,845.5 million baht, an increase of 27.7 percent, has been earmarked for this.

Besides this, the government has earmarked funds for developing our human resources. It has allocated budget

funds to train people in sectors that lack manpower, to provide training to increase people's knowledge and views on work in general, to increase per capita expenditures for education, particularly at the compulsory education level, to increase nonformal educational opportunities and educational opportunities at levels above the compulsory level, to adjust personnel expenditures and the compensation paid to people in the public sector, and to improve the tools needed to help increase work efficiency. A total of 73,779.8 million baht, an increase of 55.2 percent, has been earmarked for this.

As for improving people's quality of life and improving the quality of the environment, this is the first year that the government has increased the budget allocation for providing basic public services such as providing housing, providing sources of potable water, improving the urban communications and transportation system, and improving the environment. A total of 31,694.5 million baht, which is an increase of 29.6 percent, has been allocated for this.

Besides this, in order to increase scientific and technical capabilities, the government has allocated more budget funds for research projects, scientific and technical development, and inventions. Money has been allocated for making modifications, distributing the benefits, and procuring and transferring technology. A total of 1,275.6 million baht, an increase of 133.1 percent, has been allocated for this. The bulk of this money has been earmarked for the Ministry of Science, Technology, and Energy, whose budget has been increased 101 percent this year. [passage omitted]

Even though this year's budget is 15 percent higher than that of last year, which is a normal increase, it is essential that the economy grow and that basic public facilities be built. The government may have to raise the foreign loan ceiling, which has been set at \$1.2 billion. The government is now considering whether to raise this to \$1.5 billion or \$1.8 billion. [passage omitted]

#### Fiscal 1991 Budget

By Central Budget, Ministry, Independent Government Units, State Enterprises, and Revolving Funds		
Sector	Amount	+/- Percent Fiscal 1990
1. Central Budget	28,547.4	-27.6
2. Office of the Prime Minister	3,242.6	+57.9
3. Ministry of Defense	52,632.5	+18.3
4. Ministry of Finance	72,509.2	+6.1
5. Ministry of Foreign Affairs	1,505.3	+20.5
6. Ministry of Agriculture and Cooperatives	26,586.8	+35.7
7. Ministry of Communications	18,304.0	+34.4
8. Ministry of Commerce	983.2	+29.4
9. Ministry of Interior	39,949.1	+46.3
10. Ministry of Justice	1,098.2	+27.0
11. Ministry of Science	2,921.9	+44.9
12. Ministry of Education	50,619.4	+25.4
13. Ministry of Public Health	16,225.0	+38.3
14. Ministry of Industry	1,536.8	+15.5
15. Office of University Affairs	8,786.7	+29.0
16. Independent Government Agencies	1,471.3	+68.8
17. State Enterprises	7,853.2	+73.0
18. Revolving funds	496.9	+79.4
<b>Total</b>	<b>335,000.0</b>	<b>+17.3</b>

Sector	Amount	+/- Amount	+/- Percent Fiscal 1991
1. Central Budget	39,728.5	+11,181.1	+39.2
2. Office of the Prime Minister	3,790.1	+547.3	+16.9
3. Ministry of Defense	60,181.9	+7,849.1	+14.9
4. Ministry of Finance	63,991.1	-8,517.8	-11.7
5. Ministry of Foreign Affairs	1,587.2	+81.7	+5.1
6. Ministry of Agriculture and Cooperatives	32,073.0	+5,486.2	+20.6

Sector	Amount	+/- Amount	+/- Percent Fiscal 1991
7. Ministry of Communications	32,113.3	+4,809.3	+26.3
8. Ministry of Commerce	1,226.8	+243.6	+24.8
9. Ministry of Interior	48,782.0	+8,832.6	+22.1
10. Ministry of Justice	1,229.1	+130.9	+11.9
11. Ministry of Science	5,888.1	+2,966.2	+101.5
12. Ministry of Education	61,000.2	+10,380.8	+20.5
13. Ministry of Public Health	19,974.9	+3,749.9	+23.1
14. Ministry of Industry	1,966.1	+429.3	+27.9
15. Office of University Affairs	12,238.4	+3,451.7	+39.3
16. Independent Government Agencies	1,442.0	-29.3	-2.0
17. State Enterprises	8,488.6	+905.4	+11.9
18. Revolving funds	498.4	+1.5	+0.3
<b>Total</b>	<b>387,500.0</b>	<b>+52,500.0</b>	<b>+15.7</b>

Source: Bureau of the Budget (24 April 1990)

### Paper Warns Government on Rice Prices

90SE0060C Bangkok NAE0 NA in Thai 27 May 90 p 5

[Editorial]

[Excerpt] [passage omitted] General Chatchai Chunhawan, the prime minister, once said proudly that this administration has enabled farmers to sell their rice at an all-time high price, that is, more than 5,000 baht per ton. We once said that the prime minister should not talk like that, because the fact that farmers are receiving a higher price for their rice stems from the fact that world market demand has increased, not from the government's efforts to find markets or from the bargaining skills of government officials. Prices would have increased naturally even if the government had done nothing. Besides this, we once warned the government about what might happen. That is, if things are allowed to happen naturally, one day, world market demand will decline, and it will be Thailand's farmers who will suffer the consequences. They will have to sell their rice at much lower prices.

Today, our warning has become a reality. Mr. Subin Pinkhayan, the minister of commerce, has admitted that world market customers have begun buying rice elsewhere. An opposition party MP said that Vietnam is selling rice in competition with Thailand. Thus, the future of Thai farmers looks dark. They still have to pay the same production costs. Fake fertilizer is being sold at the markets, and the debt problem is growing worse.

Thai farmers can't be left to their fate. And we can't purchase rice at support prices. These are only temporary solutions and will not help to improve the lives of the farmers. This will just add to the problems by leaving the problems for the next administration. [passage omitted]

### Source Views Central Bank Role in Rice Purchases

90SE0059E Bangkok DAILY NEWS in Thai 9 Jun 90 p 7

[Text] A news source from the Bank of Thailand (national bank) said that on 11 June, the national bank will begin purchasing promissory notes stemming from the export of rice in accord with the policy of the Rice Policy and Measures Committee as part of the project to intervene in rice prices. The national bank plans to spend approximately 1.5 billion baht to purchase these promissory notes.

The news source said that this 1.5 billion baht should be sufficient to purchase 300,000 tons of rice. Concerning the system of purchasing promissory notes stemming from the export of rice in accord with the committee's policy, this will be similar to purchasing export promissory notes or packing credits in general. But in the present case, the terms of the promissory notes can be extended from 180 days to 360 days. The exporters must have documents to show that they could not export the rice as stipulated.

Mr. Suchon Champhunot, the deputy minister of finance, said that the Bank for Agriculture and Agricultural Cooperatives (BAAC) held a meeting for branch managers nationwide on 8 June in order to inform them of the policy. That is, the minister of finance has ordered the BAAC to purchase an unspecified amount of second crop rice. It is thought that farmers from a few provinces will encounter lower rice prices because of the high moisture content. The BAAC think that farmers will have about 200-300,000 tons of this rice to sell. The cabinet authorized the BAAC to spend 5 billion baht to make purchases, pay expenses in renting private granaries, and hire mills to mill the rice. If that is not enough, the bank will ask the cabinet to authorize additional sums of money.



Mr. Suchon said that before the BAAC began accepting second crop paddy pledges in order to help prop up rice prices, farmers pledged less than 1 percent of their rice, because the rice had a high moisture content. They could not pledge this rice. "There were complaints that rice prices were very low. In some provinces, the price was only 2,000 baht per kwian [1 kwian equals 2,000 liters] or even just 1,000 baht per kwian. Thus, instead of accepting pledges, the BAAC had to buy the rice directly in order to keep rice prices from falling even more," said Mr. Suchon.

Mr. Suchon said that the provinces where rice prices are lowest are Nakhon Sawan and Phitsanulok. Purchase prices are based on the principles set by the Rice Policy and Measures Committee. Second crop rice with a moisture content of 14 percent will be purchased at a price of 3,500 baht per kwian. If the moisture content is higher than that, the purchase price will drop. But it must not fall below 2,800 baht per kwian. However, problems have arisen concerning granaries and drying fields. Thus, things must be coordinated with the mills in order to have them mill the rice so that it can be sold to the Public Warehouse Organization after the Public Warehouse Organization gets rid of all the older rice. After that, the Ministry of Commerce will have to take steps to export the milled rice.

Mr. Suchon said that the Ministry of Finance has sent a memorandum on the activities of the BAAC to the Rice Policy and Measures Committee as the entity responsible. The committee can then submit the matter to the cabinet. The BAAC can be compared to a unit of the Rice Policy and Measures Committee in implementing this policy. Both the Marketing Organization for Farmers and the Public Warehouse Organization are working very hard. Thus, the BAAC must take action on this," said Mr. Suchon.

A news source said that Mr. Suchon has ordered the BAAC to purchase rice at a minimum price of 3,100 baht per kwian rather than 2,800 baht. "This program may encounter problems, because it isn't known how much rice the mills that must help store, dry, and mill the rice can handle. The mills have their own work. We will probably have to wait until after next Monday's meeting between the BAAC and the Rice Mill Association," said the news source.

#### **University Leader Blames Officials for Muslim Unrest**

90SE0052C Bangkok SIAM RAT in Thai 31 May 90  
pp 1, 16

[Excerpt] [passage omitted] Mr. Wanchalim Chantharakun, the president of the Studentbody Executive Organization at Songkhla Nakharin University, Pattani campus, issued a statement concerning the action taken by the government in the case involving Instructor Pricha Saelim, who was kidnaped for ransom and later killed. Mr. Wanchalim charged that the government is trying to portray this as a minor matter. Actually, this is

like an underwater current that is ready to burst to the surface. In the past, the government has transferred government officials who have committed violations elsewhere to the south. The south is the "Tarutao" Island of government officials.

"The most important thing is that the government is trying to portray the Muslims as the problem," said Mr. Wanchalim. He added that actually, the problem is the bureaucracy, which uses inefficient people who do not understand the local traditions, which stress maintaining unity. This is because minority groups are afraid of losing their cultural identity as a result of the Harap Pan Baru program.

Mr. Wanchalim also said that even though the government has said that it will not abandon the five southern border provinces, this is just a paper policy rather than a policy of action. Even if a billion baht was spent, this would not solve the problems. The government has portrayed the problems of these five provinces as so complex that no one wants to become involved in trying to solve the problems. People think that the problems are so complex that they can't be solved even though that is not true. Muslims have said that they don't want to separate from Thailand. The scriptures teach people to love their native land. But they also teach people to fight back if they are oppressed. In such cases, it is a sin not to fight back. The state has constantly oppressed the Muslims, and so problems have arisen.

As for the Harap Pan Baru program, the government has said that excellent results have been achieved. But in fact, the only ones to benefit have been the sponsors of the program. The people have not benefited at all. We must watch and see how much this program harms the villagers. Because of the way they have acted, the officials that have implemented the program have lost the confidence of the people. For example, they have eaten pork among Muslims. Actually, Muslims don't want very much. Even if another 1 billion is poured into this program, it still won't succeed unless the behavior of the officials is corrected, said Mr. Wanchalim.

Mr. Wanchalim said that the result of this program is that there are bandits who pose as highway policemen. They demand protection money from vehicles that drive along the roads of Yala, Narathiwat, and Pattani provinces. Also, in carrying on the road and bridge construction projects, the contractors have to pay protection fees to bandits in the mafia group. [passage omitted]

#### **Muslim Leaders Discuss Communal Relations Problems**

42000091C Bangkok BANGKOK POST in English  
19 Jun 90 pp 25-26

[Excerpts] [passage omitted] It is near prayer time at the village mosque, and the young and old at Koh Klang are starting to cleanse themselves, changing into proper attire, getting ready to attend one of the five daily



ceremonies which will prepare them to join with the Ultimate Power in the life after death.

The old have time to attend, because they are retired; the young also, because they are unemployed.

Imam Yahfad Boot-ngah sighs with worry.

"Big trawlers have made it impossible for the young to follow their forefathers as independent fishermen. They have to work as labourers for the trawlers, and that's where they learn to take drugs."

Many of the young people here are heroin addicts. [passage omitted]

The rustic quietude belies the trouble brewing at Koh Klang, a Muslim community of some 250 households which, according to president of Krabi Muslim Association Kiat Chuaykarn, reflects what is going on in other Muslim villages.

"Things seem fine on the surface. But the resentment underneath will emerge if the income gap keeps widening and the Muslims are left farther and farther behind," he said.

Muslims in Krabi comprise about 41 per cent of the 280,000 total population, and peaceful coexistence has long been the case. [passage omitted]

Amid rapid economic changes, the Muslims, restrained by their religious code of conduct, are largely left as observers, since the mainstream consumer economy is concerned with what Islam deems sinful.

"There are rules that we cannot engage in business concerning any kind of vice. We believe that money earned must be clean money, according to our morality," explains Kiat.

Islam also prohibits the making of money from interest on loans. The rule is applied so strictly that Muslims may not even make use of the interest they earn on bank savings. [passage omitted]

Such religious reluctance to join the mainstream economy means they are automatically being left behind in the race.

The lack of formal education among the Muslim community has also prevented them from entering the mainstream.

Poverty aside, many Thai Muslim children are denied a higher education because of parental distrust of the modern education system, which includes many practices that do not accord with their religious code of conduct.

School uniforms, especially in physical education class, for example, are not proper attire according to the Muslim dress code. Certain ceremonies such as the wai kru to pay respect to teachers or the daily prayer

according to the dominant Buddhist culture also violate Islamic rules prohibiting followers from paying respect to any images.

Muslim parents also often hold teachers in low regard, saying that they set bad examples for their children by drinking and gambling.

The result is that children are cut off from modern education, which is essential if one wants to join the economic race.

To enable Thai Muslims to maintain their cultural identity and receive a proper education, a new education policy is required, says Kiat.

At present, there are only two choices: religious schools or formal state schools. While parents shun formal state schools, religious schools are generally weak academically, making students uncompetitive in the job market.

Permission for Muslim communities to set up private schools interweaving religious teachings into the formal curriculum would help ease the problem, says Kiat, who is an education official by profession. [passage omitted]

The quick wealth to be gained from land-selling, however, has shaken the Muslim community to its core as never before.

Bars and brothels have been blossoming all over Krabi town. Many of the customers are the new Muslim rich, a shocking and uncontrollable phenomenon, as seen by their community leaders.

"I see the changes in Krabi as a three-act play," says Kiat. "Before tourism and industry came, money barons and Muslim land-owners were equal partners.

"Then the villagers were tempted by the kind of money they had never expected to see in their life-time, to let go of the land.

"Now that money is now being sucked back through all these entertainment businesses. The ending is indeed grim."

Tension and conflict are inevitable when big money is suddenly dumped into families. [passage omitted]

Haji Ae Kinglek, chairman of the Islam Provincial Committee of Krabi, says the Muslim community has little to gain from either the tourism boom or the Southern Seaboard industrial project.

"For those who sell the land, the money quickly evaporates. The businesses benefit only a few who live in the vicinity.

"In the meantime, the kids start to stray, imitating the dress and behaviour of foreign tourists, thinking it fashionable. And when people start to drink, it's natural that they gradually drift into other vices."

The cost of living in Krabi, the Haji says, is also higher than ever as a result of the tourism boom.

But what hangs heaviest on his mind is the direct threat to land ownership posed by the proposed Southern Seaboard project. About 50,000 rai of land in two tambons, Khao Thong and Nong Talay, would have to be confiscated to make way for it. Most of the villagers in the area are Muslims.

"They are very afraid right now. And I'm still thinking about what best to do to help them out," he says.

The Haji does not believe that local villagers will benefit from the industrial complex.

"What can we do with only a Pathom 4 education. We cannot even be factory guards. But if we are allowed to live in our own way, we can [be] self-sufficient although it is a simple life.

"Industrialisation means we will be driven away from our land. The only ones who gain are the speculators.

"The fishing communities will also lose their livelihood because of the poisonous things the industries release into the seas."

Despite the widespread fear and distrust, the Muslims mostly keep their resentment pent up inside because of ethnic and political sensitivity.

"What we are against is the mainstream economy supported by the state. Anyone who speaks out is the target of suspicion, no matter whether Buddhist or Muslim.

"If Buddhists speak out, they are seen as communists. If it's Muslims, we are suspected of being part of a separatist movement," says Kiat. "This has made many of us feel oppressed because we cannot talk about our problems and how we feel. [passage omitted]

Apart from the voice of their MP, the Muslims in Krabi have little say in the running of the city. The local administration is staffed by Buddhist officials, while local investors are mostly of Chinese descent.

During elections, ethnic tensions rise as politicians on both sides campaign on religious differences and strong words are exchanged. Casting votes across religious lines is seen as tantamount to sacrilege.

Although this emotional conflict generally subsides after the election, the cracks are widening, waiting to be politicised again for the next polls.

"Co-existence is based on mutual respect and tolerance," says Kiat. "It is also based on such down-to-earth matters as economic survival.

"At present, economic growth in Krabi is occurring at the expense of the village people. When one ethnic group is getting poorer and another richer, hatred and prejudice can easily make any dispute more explosive."

The root of the problem, he says, lies in the country's modernisation process which, following the West, is based on the segregation of state and religion. [passage omitted]

### Intervention in Rice Markets Planned

42000091E Bangkok THE NATION in English  
12 Jun 90 pp 13, 24

[Text] The Cabinet yesterday authorized the Bank for Agriculture and Agricultural Cooperatives (BAAC) to use the Bt5 billion allocation to buy paddy directly from farmers instead of conservatively extending the paddy pledging credit to delay sales of paddy into the market.

The measure, which was designed to be a short-term one, was initiated after several other price stabilization methods failed to improve the price of the second crop paddy in the market. However, details of the implementation have yet to be drafted. The government aims to bring up the price of paddy by Bt300 per tonne.

The suggestion, formulated by the National Rice Policy Committee, was hastily proposed to the Cabinet yesterday before Prime Minister Chatichai Choonhavan left for Washington.

Initially, the Cabinet decided that the bank could use the budget for credit extension only so that farmers would slow down sales of second crop paddy to the market when provided with cash. When the price recovered, they might pay the principal plus three per cent interest to redeem the grain.

The measure, however, did not work to expectations because the bank has set a condition that only paddy with less than 14 per cent moisture will be accepted and the second crop generally contains a higher percentage of moisture. So far, the bank has only served a small segment of farmers.

Moreover, competition in the international rice market has intensified to an extent that the Cabinet considered it necessary to change its strategy. Vietnam, which last year resumed its status of a rice exporting country, has competed ferociously with Thailand to supply low-grade rice to third countries.

Because of fiercer competition among rice exporting nations, the Agriculture and Cooperatives Planning Commission, chaired by Agriculture Minister Sanan Kachornprasart, has been urged to set up a working group to monitor rice production and price movements in the neighbouring countries to determine the production target and costs of Thai crop.

The Rice Research Centre will receive additional funding to carry out a study to reduce the costs so that Thai rice will be more competitive in the international market.

Chet Tansakul, a member of the commission and managing director of Asia Industry Rice Mill Co, said that

the proposal was drafted at a recent meeting. However, it did not receive much attention from other members who are confident that Thailand will continue to enjoy a sizeable market share.

The main crop, which is being planted, will likely yield 10 million tonnes. About one million tonnes of the second crop are in the hands of exporters and government agencies, while rice mills possess a stock of 500,000-600,000 tonnes. If the BAAC's and small traders' stocks were included, the quantity will amount to about three million tonnes.

Vietnam is expected to export about two million tonnes, Burma another one million tonnes and Pakistan an additional 500,000 tonnes this year, Chet said.

Earlier this year, the Interior Ministry was allocated Bt500 million to intervene in the market, but the sum was too small to meet the demand of farmers in provinces. The government wants to shore up the price of second crop paddy to Bt3,500 per tonne.

Finance Minister Pramual Sabhavasut told reporters after the Cabinet meeting that the relevant authorities are surveying the surplus of paddy in question in the market. It is estimated that half of the total supply of over two million tonnes will be bought by the bank under the market intervention scheme.

The measure, according to Pramual, will be used for a short period of time until the price starts to rise because

it is not the duty of the BAAC to launch direct paddy purchases from farmers. The minister felt that the allocation was sufficient to carry out the scheme thoroughly.

Phisit Pakkasem, secretary-general of the National Economic and Social Development Board (NESDB), said that the measure is used as a last resort because the government can no longer avoid using the most effective measure like this one.

It was suggested that the Rice Research Centre of the Agriculture Department under the Agriculture Ministry should expand its sphere of studies into cost-saving cultivation methods.

Chet said that the labour shortage in the agriculture sector has chewed into the comparative advantage of Thailand's rice production. More and more farmers have looked to the industrial sector as a better alternative.

Previously, the wage for hired farmers was between Bt120 and Bt150 per rai, but it has climbed up to Bt250 per rai.

A trading source said that Pakistan has emerged as another bitter competitor in the international rice market. It recently sold 65,000 tonnes of 15 per cent and 20 per cent medium rice to the UK and the United States at U.S.\$165 and U.S.\$168 per tonne FOB for delivery later this month and the next. The price is considerably lower than Thailand's offer.

## MILITARY

### Generals Comment on Cambodia, Relations With Thailand

90SE0057A Bangkok LAK THAI in Thai 4-11 Jun 90  
pp 24-26

[Text] In the previous issue, LAK THAI published a report on the trip to Thailand by important Vietnamese generals amidst reports that a cease-fire was imminent in Cambodia. Thus, the trip by these Vietnamese generals was in line with the situation in Cambodia. Vietnam's actual attitude toward the problems in Cambodia is the subject of today's report.

General Doan Khue, Vietnam's first vice minister of national defense, who also serves as supreme commander/chief of staff officers and commander-in-chief of the army, led a team of officials including Major General Giam Tran Van Quang, the second vice minister of national defense, Lieutenant General Tran Hanh, the deputy chief of staff officers, Vice Admiral Giam Van Chuong, the commander-in-chief of the navy, Air Vice Marshal Pham Ngang Ngan, the commander-in-chief of the air force, and Major General Vu Xuan Vinh, the director of the Information Department, Ministry of National Defense, on a trip to Thailand on 28 May. This visit followed in the wake of the trip to Hanoi by General Chawalit Yongchaiyut and his team on 27 March.

At the headquarters building of the Ministry of Defense, General Chawalit Yongchaiyut, the deputy prime minister and minister of defense, held a ceremony to welcome General Doan Khue and his party. There was an inspection of the honor guard composed of men from the three branches of the service. Informal talks were held in the reception room of the Ministry of Defense. The Vietnamese expressed joy at Thailand's success in getting the four Cambodian factions to agree to a cease-fire. That evening, the Ministry of Defense hosted a dinner at the Dusit Thani Hotel. On 29 May, after visiting the Chulachomklao Royal Military Academy in Nakhon Naiyok in the morning, General Doan Khue and his party went to see the eastern seaboard development project at Map Taphut. They also visited Supreme Command Headquarters. General Sunthon Khongsomphon, the supreme commander, held a reception for them at the Monthien Pataya Hotel. This party of senior Vietnamese generals stayed the night in Pataya. They then visited the deep-water port at Laem Chabang before returning to Bangkok to see General Chatchai Chunhawan, the prime minister, on 30 May. They also saw several other development projects. They stayed the night in Bangkok and then returned to Hanoi on 31 May.

LAK THAI had an opportunity to interview these Vietnamese generals during the reception held by Supreme Command Headquarters at the Monthien Pataya Hotel.

Lieutenant General Tran Hanh, the deputy chief of staff officers, who is a relatively young officer, is a national hero of Vietnam. He will probably succeed General

Doan Khue in the future, because in Vietnam, the chief of staff officers is the supreme commander. And after a person becomes chief of staff officers, he automatically becomes the commander-in-chief of the army. Today, Lieutenant General Tran Hanh is the deputy chief of staff officers.

Lieutenant General Tran Hanh said that with respect to the Cambodia problem, Vietnam feels the same way as Thailand. That is, it wants peace. He said that Vietnam helped the Cambodians drive out the Khmer Rouge and install the Heng Samrin government. It did this after Cambodians, who could no longer bear the rule of the Khmer Rouge, appealed for help. After the situation changed, Vietnam no longer had to carry the military burden and so it withdrew its troops. However, Phnom Penh and Hanoi are close allies.

He said that in trying to solve this problem, things will probably happen in the way that Vietnam has predicted. That is, Vietnam believes that Thailand will talk with China, which supports the Khmer Rouge, and the leader of the Cambodian coalition, that is, Prince Sihanouk. "It seems that Sihanouk is the person who can solve the problems. And Thailand has won the confidence of Sihanouk. The next question is what Thailand will do to persuade Sihanouk to work resolutely in solving the problems or reducing the factors in order to reach an agreement. Vietnam doesn't have any influence over Sihanouk. But if there are any problems with Phnom Penh or Heng Samrin and Hun Sen, Vietnam can help solve these problems. Thus, each side can talk to one of the factions. Now that Thailand and Vietnam are talking to each other, it shouldn't be too difficult to solve the problems. China should become involved in solving these problems. In the future, Thailand will probably be able to arrange talks between Vietnam, China, and Thailand."

LAK THAI asked how the Thai and Vietnamese militaries were able to develop such close ties in so short a time. LAK THAI asked if the Communist Party of Vietnam has a line on the Cambodia problem and on the Vietnamese military establishing relations with the Thai military.

Lieutenant General Tran Hanh said that actually, the military did not take this step on its own initiative. The military must act in accord with the party's policies. About two years ago, the party formulated a policy on having the military establish military relations with Thailand in order to reduce the tension. This was the first step on the way to solving the Cambodia problem. It must be admitted that this was a difficult matter for the Vietnamese military, because it didn't have a suitable opportunity, and it had to make many adjustments, including strategic adjustments, in order to reduce the problems. Thus, this has taken a long time. But finally, there was an opportunity for our two militaries to talk with each other. This is a policy of both the party and the government.

He said that the tension between our two countries began about 30 years ago. This was very detrimental to both Thailand and Vietnam. If we had used that time to cooperate with each other in developing our countries, both countries would now be much richer. Both countries have lost much because of this confrontation. That is very sad. However, we have now begun anew. Vietnam wants to develop the country and wage a war on poverty. It must be admitted that Vietnam is about 20 years behind Thailand.

Major General Vu Xuan Vinh, the director of the Information Office, told LAK THAI that the special report filed by LAK THAI from Hanoi was entirely correct. We reported that Vietnam now wants to stop fighting and start building the country. The fact that senior officers have appeared in public shows that the war is over, because normally, senior officers keep themselves "concealed." Even the Vietnamese people have only heard their names but rarely seen them. But today, senior officers of the Vietnamese army are appearing openly.

The views expressed by Vice Admiral Giam Van Chuong, the commander in chief of the navy, were similar to those expressed by Air Vice Marshal Pham Ngang Ngan, the 51-year old commander in chief of the air force. He said that he is very happy that the two countries have resolved their long-standing differences with each other. He said that neither Thailand nor Vietnam created those problems. Those problems were created by other super power countries. Air Vice Marshal Pham Ngang Ngan, who is a national hero, is a very experienced fighter. He flew a MiG-21 and fought U.S. aircraft that came to bomb Hanoi. He is credited with having shot down eight U.S. aircraft.

At the reception in Pataya, General Doan Khue said that our two militaries now understand each other. There will probably be peace in this corner of the world. The Cambodia problem is being solved. Vietnam supports this, because we both have the same goal. At that reception, General Sunthon Khongsomphong, the supreme commander, called General Doan Khue "Phi Doan Khue" [Older Brother Doan Khue]. And he referred to General Sisavat Keobounphan, the Lao chief of staff officers, as "Phi Sisavat." General Doan said that he knew him very well, and General Sunthon said that "Phi Sisavat is a good person."

At the reception, General Sunthon said that the Vietnamese envoy to Thailand has proposed that the two countries exchange military attaches. He said that Thailand is prepared to station a military attache in Hanoi if Vietnam agrees to this. General Doan Khue promised to discuss this issue with government and party officials in Hanoi.

Something worth noting is that during the reception, the Vietnamese envoy said that now that the top generals of the two countries have made such promises to each other, things should be carried out in accord with these

agreements. By saying this, he seemed to be playing the role of a "middleman" who wants to see the atmosphere improve. This also reflects the policy of the Vietnamese Ministry of Foreign Affairs.

[Caption] Reception in Pataya: This picture shows the friendliness of the Thais and Vietnamese. [Above] General Sunthon Khongsomphong feeds a piece of cake to General Doan Khue, and [below] General Doan feeds a piece of cake to "Big George."

## Two Units Deal With Desertion Problem

902E0220A Hanoi QUAN DOI NHAN DAN  
in Vietnamese 27 Apr 90 pp 1, 4

[Article by Ho Anh Thang: "Why Haven't Military Desertions Been Thoroughly Overcome?"]

[Text] In nearly all primary level units at this time, desertions are no longer a rare occurrence with even fairly many occurring in some units. How to resolve the desertion situation and the most effective measures to employ are concerns of command and leadership cadres at all levels in the primary level unit. Before mentioning a number of reasons directly affecting troop desertion, I wish to present a few specific figures attained through a survey conducted in two units of Group B08.

Major Tran Dinh Ngon, the group commander, stated that in Artillery Unit 58 during the past few years, especially during 1989, troop desertions were nearly all concentrated in the recruit training phase and the first year of service. For example, during recruit training, 50 of the 400 men received for training deserted. There are still 12 outstanding desertions from 1989 alone. During the lunar new year observance, 15 men deserted. After the holiday, unit cadres visited local areas to directly work with local administrations and party committee echelons in returning these men to the unit but when the cadres returned, the desertions continued. The unit's desertion rate rose to a level between 10 and 20 percent. In Unit M02, desertions have failed to decline for several years and show a tendency toward steady increase. Unit M02 is located near a major road and deserters need only leave the garrison area to catch a ride. During 1987 and 1988, there were collective desertions with three, four or five men enticing each other to desert at the same time. Sections of road were blocked to halt vehicles and a number of traffic accidents occurred near the unit. Compared with 1987 and 1988, the 1989 rate was still above the 10 percent level. To a unit with a full staff and directly engaged in recruit training, a desertion rate of 10 percent is not small. Beginning 1990, the desertion rate of Unit M02 declined and during March, the number of desertions declined by four percent from the February level. Realistically however, failure to thoroughly resolve the desertion problem is a concern of unit command cadres. Recently, the unit sent cadres to local areas for a direct appeal to 39 of the present 160 deserters. Desertion to some of these men is not simply a single instance of a few days but several times for periods of many days.

Some men have even deserted 10 times for periods of five or six months. Where do the deserters go and where do they live? According to a number of Unit M02 cadres who visited the local areas, deserters from urban areas are subject to virtually no ward or subward management, while those from the rural areas are primarily encountered working at home or in the fields.

Desertion is a common occurrence in units at this time. The two examples of Artillery Unit 58 and Unit M02 presented above are typical. My purpose was only to present these examples before we seek some of the direct reasons. It may be said there are many reasons for desertion, including negative factors in society that cannot be ruled out. I do not entirely agree with some opinions that soldiers desert because life in their unit is too difficult. In reality, the standard of living in the army can be lower than that of the families of some soldiers, but for most soldiers from the rural area, the army's standard of living is not too low. I give Unit M02 as an example. There are probably few troop units where the messing and berthing facilities are as spacious and pleasant as at M02. Recently, the unit expended an additional 25 million for the repair of troop quarters. Here the standard of living is constantly ensured at sufficient levels, as are the minimum requirements of spiritual life. However, desertions have not declined so where must we look for a reason?

Through conversations with a number of direct management cadres, we have agreed the three primary reasons are:

**Poor quality training:** In Artillery Unit 58 during one training phase, a number of deserters were former merchants who had evaded the draft several times, accounting for up to five percent, including some illiterates. Many men were in poor health, one man became sick after only two or three days in the unit and 14 men had to be returned twice by the unit. It must be further stated here that the unit directly trains a number of new men but has no authority for directly recruiting them, because they are self-recruited and assigned to the unit by the local area. What about their political qualities? Nearly all youths are admitted to the Communist Youth Union only a few days prior to induction to meet political qualifications.

The second reason is the responsibility of the local area for deserters. At the present time, due to growing economic elements, many deserters are found by the public security forces while working in production cooperation teams and in free trades. A number of cadres in Group M02 further stated that local areas are handling desertions by imposing fines or labor product debts. For example, each man must pay 2,000 to 3,000 dong per day less time they serve in the ranks. Thus, a soldier who deserts after a year in service must pay 500,000 to 600,000 dong and in a year will be issued a "military obligation completion" certificate. This fine is exceedingly light for a number of rich families or those engaged in business. Some local areas force deserters to pay in

bricks or the family may mobilize idle labor in a short period of work to reduce the "military obligation debt." These forms of labor reform in my opinion are unsatisfactory if not actually creating conditions for those with money to avoid their military obligations.

The third reason is the appearance in the unit, although not a common occurrence, of a division between rich and poor in the living styles of personnel. Some men from wealthy families are supplied money and materials by their families. In Unit 58, some of the men spend family money like water, not eating breakfast in the unit but eating fruit instead or eating in shops. Meanwhile, those from poor families have nothing, leading to contradictions in daily living and creating many cliques. Some men fail to control themselves, compete with each other, are ostentatious, forced to seek favors, etc.

To overcome the present desertion situation, primary level units I have reviewed have had several "desertion prevention" methods. Unit 58 sent cadres to the local area for inspection and united action with agencies responsible for providing troops. It improved the quality of direct management cadres and dealt severely with those being militarist toward the men. Unit M02 emphasized an improvement in troop living conditions and held conferences to resist militarism. Desertion prevention lectures, youth union activities, registrations, etc. were organized. These measures are truly only subjective efforts for partially limiting troop desertions. Effective resolution requires uniform coordination between units and local areas to ensure equitable, lawful and quality recruiting, and truly severe treatment when troops desert.

## ECONOMIC

### **Economic Reform, Cooperation With Soviets Seen Improving**

902E0215A Hanoi *QUAN HE QUOC TE*  
in Vietnamese No 7, May 90 p 21

[Article by APN Correspondent Alexander Rachman in Hanoi: "Vietnamese Economic Reform and Future of Soviet-Vietnamese Cooperation"]

[Text] The renovation process is widely and strongly underway in Vietnam. Of all the socialist nations, Vietnam actually asserts that the restructuring here is of a radical but more synchronized nature, unaccompanied by social upheavals. Vietnamese economists have joined hands in the modernization of production and distribution sectors and banking and taxation systems. This has inevitably led to functional changes in components of the operational structure. The results have not forced us to wait. During 1989, Vietnam did not have to import rice and stood third in the number of countries exporting rice. Vietnam presently stands fourth in Asia—after China—in the amount of pork per capita.



It must be sincerely admitted that the advice of Soviet specialists to develop agriculture on the basis of large-scale collective economic development has not yet proven its accuracy; and it must be added that in industry, the situation has not yet improved. In Vietnam, the simple but, as has been seen, effective route has been taken. This route may be generally summarized as maximum reduction of state interference in the rural economy. During a fairly short period of time, the land problem was resolved; and reallocation was conducted. At the present time, land is being rented for a period of 15 years. The supply of fuel for agriculture is no longer a problem. With Soviet technical assistance, construction was completed on the Pha Lai, Hoa Binh, and Tri An electric power plants in Vietnam, providing an annual increase in electric power output of 15 to 20 percent.

In the industrial area, the situation is more complex. The shift to business accounting and price unification and the elimination of state subsidization led to a decline in industrial production during the first half of last year. For example, in the largest Vietnamese textile mill, located in Nam Dinh City, 17,000 people were out of work because all products were stagnating in warehouses. However, the very measures proposed to reform the economy allowed the mill director to reduce the price per spool of thread by 500 dong and all previously bed-ridden products were quickly liquidated. Within a month, the mill had earned 7 billion dong.

Generally speaking during 1989, the rate of increase in the gross national products was lower than the previous year; but supply and demand balanced each other. The market overflowed with commodities, creating price stability, although prices were fairly high.

Furthermore, when the state halted the supply of technical materials, the situation indicated they were more than sufficient, although the mill's previously seemingly bottomless containers were completely drained of both domestic and imported materials. Besides that, the measures taken to firmly conserve investment capital indicated that the use of money in projects has a decisive significance to the national economy.

Soviet-Vietnamese relations have especially developed since the agreement of friendship and cooperation between the two nations signed in November 1979. Of course, not everything has been smooth. Along with the successes, a number of mistakes were unavoidable. With new approaches from both parties, future bilateral relations will be brighter. Reality has shown that slow implementation of agreements between the two general secretaries on the application of mutual relations, directly due to many circumstances on the Soviet side, failed to clearly indicate readiness and were regulated by quotas. This year, Vietnam has suggested the supply in excess of planned levels for the Soviet Far East of 10,000 tons of meat, coffee, rice, vegetables, fruits and many other necessities. To this time however, the Soviet side has not yet found a formula of acceptable payment.

In the future, economic relations with Vietnam will have great significance to the region of eastern Siberia. The Soviet Union always needs tropical agricultural products for this region and no where are there more favorable conditions for their purchase than in Vietnam. One example is that meat purchased in Vietnam is more than twice as cheap as that imported from Australia and does not require a great expenditure of foreign exchange. There are many similar examples.

To draft agreements of long-term cooperation, economists from both countries must begin with actual practice, concur on measures for changing the cooperation structure from the very roots, open new capabilities for new forms, and satisfactorily resolve the problems of prices, finance and currency in accordance with world market standards. The two countries must also have programs to resolve the debt problem, find a formula acceptable to both sides, and define a new volume and model for investment, capital supply and half-completed projects. All actions must be swift and without hesitation. Only in this manner is success possible.

#### **Sri Lankan Rice Order Cannot Be Filled**

*90SE0034A Bangkok NAE0 NA in Thai 30 Apr 90 p 13*

[Excerpt] [passage omitted] Mr. Chamnan Malisuwan, a commercial adviser in Colombo, Sri Lanka, told NAE0 NA that Vietnam, which won the bid to sell rice to Sri Lanka at the beginning of January, has not been able to deliver rice in April in accord with the agreement. This is because Vietnam is experiencing internal problems.

Vietnam won the bid to sell 50,000 tons of 25 percent white rice and 50,000 tons of 20 percent "nung" [steamed] rice. Their bid was about \$50 a ton lower than Thailand's bid for both types of rice, and they extended credit for 180 days.

The Commercial Advisory Office is monitoring the rice transaction closely. If Vietnam cannot fill the order and new bids must be submitted, the office will immediately report this to the Ministry of Commerce so that Thai rice exporters can submit bids.

However, rice yields in Sri Lanka have been good this year. For now, Sri Lanka has enough rice of its own. But it will soon have to open bids if Vietnam cannot fill the order. Also, at the end of this year, Sri Lanka will hold bids to purchase another 100,000 tons of rice. [passage omitted]

#### **Thai Bank Officials Examine Farm Bank Structure**

*90SE0056B Bangkok NAE0 NA in Thai 11 Jun 90 pp 7, 8*

[Excerpts] [passage omitted] A news source in the Bank for Agriculture and Agricultural Cooperatives (BAAC) stated that at the beginning of June, the World Bank asked the BAAC to send senior officials to conduct a



study and make recommendations on improving the structure of Vietnam's agricultural bank.

The World Bank plans to provide support by making interest-free loans to Vietnam to help Vietnam develop its agriculture. The loan period will be 40 years. This money will be used to purchase fertilizer, agricultural equipment, and insecticides.

Initially, \$200 million will be given. Vietnam will give fertilizer and farm equipment to its farmers by extending credit. It will be repaid in agricultural produce.

The BAAC has sent officials to help make recommendations as requested by the World Bank. [passage omitted]

As for Vietnam's Bank for Agriculture, it is thought that it will have to undergo a complete restructuring, which will probably take 2-3 years. This will help improve agricultural results. If things go according to plan, within three years, Vietnam will probably be in a position to compete with Thailand in exporting rice.

"The quality of the Vietnamese people is very high. If they receive support with respect to production factors and technology, Vietnamese rice will be a fearsome competitor of Thai rice. Vietnam will definitely make an effort to develop to the point where it can export rice, because it needs foreign currency."

### **On Mobilizing, Managing Hard Currency From Overseas Vietnamese**

#### **Improvement Needed**

902E0213A Ho Chi Minh City SAIGON GIAI PHONG  
in Vietnamese 14 May 90 pp 1, 3

[Article by Mai Van: "Emigrant Remittances: An Activity That Must Be Rectified"]

[Text] Editor's Note: In a popular sense, "emigrant remittances" means foreign currency sent back to Vietnam by overseas Vietnamese to help their relatives, to invest in production and commerce, or to deposit in savings accounts in Vietnam. The mobilization of emigrant remittances is "an invisible export activity" because the state can obtain foreign currency without having to invest capital. In recent years, emigrant remittances have become an important source of foreign currency, especially in Ho Chi Minh City, where many people have relatives abroad. According to the local Overseas Vietnamese and Export Service Corporation (COSEVINA), in 1988 emigrant remittances to the municipality amounted to \$25.2 million and in 1989 they amounted to \$25.2 million. However, during the past several years a number of problems have arisen in the task of mobilizing and managing emigrant remittances in the municipality which must be rectified. The following article deals with some aspects of the actual situation of mobilizing money remittances, in hopes that

the functional sectors will take more effective steps to further develop that important source of foreign exchange. [end editor's note]

Is a French Franc 570 Dong or 720 Dong? Is a U.S. Dollar Worth Only 3,700 Vietnamese Dong?

I am holding a letter of complaint, dated 19 February 1990, from Mr. Nguyen Kim Long, of 112/2 Ho Van Nga, My Tho, Tien Giang Province. Mr. Long complains that on 19 December 1988 a relative of his in France sent him 1,000 French francs via the VINA PARIS Company. That company promised that the money would reach the payee within 7 days. But not until 10 February 1990 (i.e. 7 weeks after it was sent) did he receive a notice from the "Emigrant Remittance Service of Precinct 1: (at 10 Co Giang Street), and three days later he received only 570,000 Vietnamese dong. Mr. Long sent letters to the Minister of Finance and the Chairman of the Precinct 1 People's Committee to complain that at the time VIETCOMBANK had fixed the ratio of one French franc to 720 Vietnamese dong. Why, then, did he receive only 570 dong? The functional sectors forwarded his letter to the Ho Chi Minh City branch of VIETCOMBANK so that it could reply.

Mr. Huynh Thanh Nhan, a retired cadre who lives in Precinct 10 in Ho Chi Minh City, also sent a letter to the Director of VIETCOMBANK in Ho Chi Minh City asking why the Ho Chi Minh City Medical Materials Supply Corporation exchanged his remittance at the ratio of 3,700 Vietnamese dong per U.S. dollar, at a time (October 1989) when the exchange rate of VIETCOMBANK published in the press was 3,900 Vietnamese dong per U.S. dollar!

Many other letters with similar contents have been sent to the Ho Chi Minh City branch of VIETCOMBANK. The complaints and questions of the people about not receiving emigrant remittances at the exchange rates periodically set by the bank have been answered promptly, in general as follows:

The exchange rate published in the mass media is the exchange rate for purchasing foreign currency with Vietnamese dong announced by VIETCOMBANK from time to time. That exchange rate is applied uniformly by the system of branches of VIETCOMBANK and the foreign remittances offices of the Vietnam State Bank in the provinces in paying emigrant remittances sent from abroad via the VIETCOMBANK network. Units which engage in emigrant remittances activities outside the system of VIETCOMBANK and pay payees at their own exchange rates, which are lower than the stipulated exchange rate, violate the directive of the Council of Ministers.

While we were writing this article (10 May 1990) the fixed exchange rate set by VIETCOMBANK was 4,400 dong per U.S. dollar (that was also the emigrant remittance rate), but the other units with emigrant remittances activities (outside the bank system), nearly all of which

were companies belonging to overseas Vietnamese, paid the payees 4,000 Vietnamese dong per U.S. dollar!

#### Everyone Is Into Emigrant Remittances!

How many units in Ho Chi Minh City are engaged in emigrant remittances? We sought that number at the functional sectors but were told, "That is a very difficult question to answer!" I only know that according to a recent COSEVINA report, "The number of units involved in emigrant remittances has increased rapidly and have formed a large-scale movement in the city since the end of 1988. Many sectors, localities, mass associations, etc., are engaged in emigrant remittances, whether or not they have that function, or whether or not they have authorization."

At a recent meeting at the COSEVINA office regarding emigrant remittances that was attended by representatives of a number of relevant sectors, it was concluded that "At present the emigrant remittances activities are very chaotic. Few units are granted permission to operate officially, but an excessive number of units are involved in emigrant remittances in the city."

During a recent interview with us, Nguyen Minh Cam, director of COSEVINA, said, "How can one know how many unauthorized units are engaged in emigrant remittances in the city? They sign contracts with overseas Vietnamese companies, do specific business deals, then quit after taking in a few hundred thousand dollars. Later, when they come into contact with another company and see a profit, they sign a contract to make payments. That is not to mention a number of provinces which have set up agencies in the city to pay emigrant remittances without receiving permission from anyone."

#### Who Is Authorized To Deal in Foreign Remittances?

Surely the units dealing in emigrant remittances have not forgotten Directive 292/CT, dated 10 October 1987, of the Council of Ministers, which stipulated that "VIETCOMBANK is the central organization for receiving and paying out emigrant remittances. The localities, the sectors, the economic units, our country's representatives abroad, and the overseas Vietnamese organizations abroad which want to serve as agents in receiving emigrant remittances in any form must receive permission in writing from the central Vietnam Foreign Trade Bank."

Later, on 24 November 1987, the Vietnam State Bank issued Notice No. 227 guiding the implementation of Directive 292/CT of the Council of Ministers. It included the following passage: "The Chairman of the Council of Ministers has assigned to VIETCOMBANK responsibility for organizing the receiving and paying of all forms of emigrant remittances. Therefore, within a two month period after 1 December 1987 the sectors, localities, economic organizations, and overseas Vietnamese organizations wanting to continue to carry out the contracts they signed, or serve as agents in receiving

foreign remittances, must register with the Foreign Trade Bank and receive written consent from it."

Those directives and notices are still in effect but have not been strictly enforced. That is a major reason for the present confusion in emigrant remittance activities, which not only have caused the state to suffer a foreign exchange short-fall but also violated the rights of the recipients.

The functional sectors estimate that in Ho Chi Minh City about 250,000 families regularly receive foreign remittances. Supposing that each household received an average of only \$200 a year, the total income from emigrant remittances would amount to \$50 million. However, because of the present situation of chaotic emigrant remittances activities of the state units—not to mention the private individuals and overseas Vietnamese who deal in black-market emigrant remittances—the amount of foreign exchange obtained through that means via VIETCOMBANK is still very small.

VIETCOMBANK, the organization to which the Council of Ministers assigned the important responsibility of "organizing the receiving and paying out of all forms of emigrant remittances," has not yet fulfilled its responsibility, especially with regard to information and propaganda vis-a-vis not only the people in Vietnam but also Vietnamese living abroad. Therefore, many people do not know that they may send foreign remittances via the state banking system at a high exchange rate, so they only send it via the private companies of overseas Vietnamese and unintentionally enrich them.

Furthermore, our banking system, which recently escaped from the subsidy system, has been slandered by bad people for their own benefit, so many Vietnamese living abroad have an unfavorable "impression" when sending money back to Vietnam via the VIETCOMBANK system. Those bad people spread rumors that money sent via the State Bank system is taxed, that recipients are forced to buy bonds and are listed in black books, etc.

At present, the Ho Chi Minh City branch of VIETCOMBANK is positively renovating and going all-out to overcome its recent weaknesses and deficiencies, especially in its foreign remittances activities. The Bank has agency relationships with more than 500 foreign banks in 85 countries on all continents, and with legitimate overseas Vietnamese organizations, which send emigrant remittances to Vietnam at high exchange rates. For example, for the first time the U.S. Treasury Department has authorized a company in the United States—the CEECO Company—to directly send foreign exchange remittances to Vietnam via the VIETCOMBANK system. Within the city, the Ho Chi Minh City branch of VIETCOMBANK has organized an extensive network of agencies to pay emigrant remittances in correct accordance with the stipulated exchange rate, and can make payments at the homes of recipients if so requested. The

agencies making emigrant remittance payments for VIETCOMBANK receive 100 percent in foreign exchange.

If COSEVINA, the unit authorized by the Municipal People's Committee to serve as the focal point for receiving and paying out emigrant remittances within the municipality, works closely with the Ho Chi Minh City branch of VIETCOMBANK in mobilizing emigrant remittances abroad and paying emigrant remittances in this country, it will contribute positively to overcoming the remaining problems mentioned above. Thus income from emigrant remittances nationwide, in general, and in Ho Chi Minh City, specifically, will certainly attain high levels and the rights of the recipients will not be violated.

### **VIETCOMBANK Deputy Director Interviewed on Emigrant Remittances**

*902E0213B Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 21 May 90 pp 1, 3*

[Interview of Nguyen Duy Lo, Deputy Director of VIETCOMBANK, by Mai Van: "Mobilizing and Paying Emigrant Remittances Via the VIETCOMBANK System," date and place not given]

[Text] Editor's Note: After SAIGON GIAI PHONG, in its 14 May 1990 issue, published the article "Emigrant Remittances—An Activity That Must Be Rectified," we received many letters from readers who wanted to know more clearly how to send and receive emigrant remittances via the Vietnam Foreign Commerce Bank (the international trade name of which is VIETCOMBANK). We met with comrade Nguyen Duy Lo, deputy director of VIETCOMBANK and director of the Bank's Ho Chi Minh City branch to discuss that topic: [end editor's note]

[Mai Van] What specific renovations has the Ho Chi Minh City branch of VIETCOMBANK recently undergone in mobilizing and paying emigrant remittances?

[Nguyen Duy Lo] First of all, I would like, on behalf of the Ho Chi Minh City branch of VIETCOMBANK, thank the newspaper SAIGON GIAI PHONG for giving me an opportunity to address the readers about emigrant remittances, an economic-social matter with which all segments of the population nationwide, and especially the people in Ho Chi Minh City and Vietnamese living abroad, are concerned. As people who are responsible for a specialized bank in the sphere of foreign exchange, we will make all-out efforts to do a better job of fulfilling the responsibility of VIETCOMBANK in organizing the mobilization and payment of emigrant remittances.

The specific renovations of VIETCOMBANK in emigrant remittance activities are as follows: the boards of directors of VIETCOMBANK and its branches have persistently served as staffs for the upper echelon in establishing a commercial foreign exchange buying-selling exchange rate mechanism (of the freely convertible type), including an emigrant remittance exchange

rate, thus overcoming an irrational situation that had existed for many years. The emigrant remittance exchange rate of VIETCOMBANK is the most beneficial exchange rate at present for overseas Vietnamese who, when visiting the homeland, must exchange foreign currency, as well as for the relatives of emigrants who have incomes from emigrant remittances. Second, we completely eliminated the system of registering the receipt of emigrant remittances in account books, with verification by the local administration, which caused considerable inconvenience for the people. Now, when anyone sends an emigrant remittance to Vietnam our bank promptly makes an accurate and full payment to the payee, without any restrictions, as falsely reported by the Western press.

[Mai Van] What procedures must overseas Vietnamese follow to send money to Vietnam to help their relatives via the VIETCOMBANK system? Do the recipients have the right to use foreign currency?

[Nguyen Duy Lo] The procedures for sending money to Vietnam depend on the foreign exchange management laws of the particular country, and on the specific policies of that country's government vis-a-vis relations with Vietnam. Therefore, the people overseas must inquire about the specific foreign exchange management regulations of that country in order to determine the sending method. In that regard, Vietnamese living abroad must make their own inquiries, for we in Vietnam do not have sufficient information to give specific answers. Furthermore, that is a very delicate matter in foreign relations.

Overseas Vietnamese may send money to Vietnam via the Ho Chi Minh City branch of VIETCOMBANK to help their relatives in Vietnam by the following three methods: first, the overseas Vietnamese themselves may go to a commercial-foreign exchange bank in their country of residence to authorize a transfer to Vietnam. Second, they can submit the money they need to send to an overseas Vietnamese organization so that that intermediate organization can do the paperwork and transfer the money to the VIETCOMBANK via a commercial-foreign exchange bank in their country of residence. Third, they can send foreign currency in cash via a reliable person from a foreign country to Vietnam. The person who brings in the money declares it to Customs upon entry and sells the foreign exchange at a foreign exchange counter of VIETCOMBANK or the Gold, Silver, and Precious Stones Corporation, which is authorized to operate openly in the city. The person who brings the foreign exchange into Vietnam may take the Vietnamese money and give it directly to the sender's relative, or authorize the foreign currency exchange counter to pay the recipient in Vietnamese dong.

As regards the right to use foreign currency, when people in Vietnam receive emigrant remittances via the VIETCOMBANK system but do not yet need to spend it may deposit it in freely convertible foreign exchange (such as U.S. dollars) accounts. The holders of foreign exchange

savings accounts are paid interest in foreign exchange at the interest rate of the international money market and are fully authorized to use transferred foreign exchange funds to buy goods at shops selling goods for foreign exchange and do not have to pay taxes, or may send the money out of the country to buy goods and may freely withdraw foreign currency when going abroad to travel or visit relatives overseas. VIETCOMBANK does not have a monopoly, but is expanding its ties in emigrant remittance activities abroad, including the United States. Specifically, in addition to using the extensive network of foreign agency banks to receive and transfer emigrant remittances to Vietnam, we have formed ties, which will soon be expanded, with commercial organizations of overseas Vietnamese in all countries, to propagandize, solicit, receive, and transfer to Vietnam all sources of emigrant remittances by nearly 1.5 million Vietnamese living abroad. Emigrant remittances sent to Vietnam are not restricted to assisting family members: we must pay special attention to mobilizing the savings and commercial capital of the Vietnamese communities abroad to expand VIETCOMBANK's sources of credit funds to serve economic development. In order to fulfill that requirement, VIETCOMBANK guarantees the overseas Vietnamese complete ownership of their foreign exchange, accompanied by the economic measure of having a system of attractive interest rates on remittances. Toward Vietnamese living abroad who send back foreign exchange for deposit in VIETCOMBANK, we will apply the policy of giving interest rates higher than those for foreign currency of the same kind they deposit in foreign banks.

[Mai Van] At present, some overseas Vietnamese companies engaged in emigrant remittances say one thing and do another. They are very slow in making payments, so that they can make use of the funds. As deputy director of VIETCOMBANK and director of its Ho Chi Minh City branch, tell us specifically how long it will take for the relatives of overseas Vietnamese in Vietnam to receive payment after the money is sent, if sent via the VIETCOMBANK system.

[Nguyen Duy Lo] In addition to the organizations that are integral parts of the bank system, we have signed contacts with many commercial units nationwide to serve as agencies in making emigrant remittance payments. When receiving money transfers from abroad, our bank immediately enters them into computers to generate notification and payment accounting documents. In Ho Chi Minh City those notifications are delivered directly to the recipients by personnel of the bank or the agency units, without going through the postal system. In the provinces they are sent through the postal system, so they are slower.

To encourage the agency units to make payments quickly, we apply a system of repayment in foreign currency, deposited in the foreign currency account of the unit at the Ho Chi Minh City branch of VIETCOMBANK. The unit makes payments promptly, and when it presents a receipt for the payment with the signature of

the payee the unit immediately receives a "credit" to its corresponding foreign currency account. The agency unit receives 100 percent of the foreign currency it paid out, not a 70/30 split as in the past.

With the mechanism and organization of emigrant remittance payments described above, we can say that after money is transferred to VIETCOMBANK, within three to five days the payees in Ho Chi Minh City will receive their money, while in the provinces, because notification must be sent by mail, it takes 10 to 15 days to receive payment.

In the task of mobilizing and paying emigrant remittances, we are not yet satisfied with what we have done. We are extremely grateful for the opinions contributed by the people to help the Ho Chi Minh City branch of VIETCOMBANK operate more and more effectively and be a reliable source of support for overseas Vietnamese and their relatives in this country.

[Mai Van] I recommend that you further clarify the exchange rate for buying foreign exchange (which is also the exchange rate for making emigrant remittance payments) announced by VIETCOMBANK. What is the basis for setting that exchange rate? Why is that exchange rate usually lower than that on the black market?

[Nguyen Duy Lo] The emigrant remittances exchange rate in effect at present is not a separate exchange rate, as in the foreign currency exchange rate mechanism during the subsidizing period in the past. The present exchange rate is also a general foreign currency "purchasing exchange rate" set by VIETCOMBANK that is applied to all categories of domestic and foreign customers, both organizations and individuals, with foreign exchange to sell to the bank in exchange for Vietnamese money. It is part of the single state exchange rate mechanism which came into effect in October 1988. For example, at present the rate for buying one U.S. dollar is 4,500 dong and the rate for selling a U.S. dollar is 4,550 dong. But the two buying-selling exchange rates are within the economic scope of the single exchange rate policy. The content of the exchange rate mechanism now in effect is that the chairman of the Council of Ministers has assigned to the Director General of VIETCOMBANK responsibility for determining and making public the base exchange rate of the Vietnamese dong in comparison to freely convertible capitalist currencies. It is set with the concurrence of the State Financial-Monetary Commission, the advisory organ of the Council of Ministers chairman in the financial-monetary sphere, which is made up of the heads of the Ministry of Finance, the State Bank, the Price Commission, and the State Planning Commission.

Revolving around the base exchange rate are the exchange rates for buying and selling foreign currency, which are the responsibility of the Director General of VIETCOMBANK, who determines and publicizes them

regularly, usually every 5 days. The buying-selling exchange rate is the commercial exchange rate of VIETCOMBANK.

The base exchange rate is determined on the following bases:

- The relationship between commodity and service prices on our country's social market and the prices of goods and services of the same types on foreign markets.
- The relationship between our country's export prices (in Vietnamese money) and the international market prices.
- The situation of commodity and service prices, as well as the price of gold, on our country's social market, especially in Hanoi and Ho Chi Minh City, including the real foreign currency prices on the market.

Thus, as in all nations, the exchange rate is determined on the basis of many combined factors and is the price of one country's currency compared to that of another country's currency. Looking at the over-all picture, and with economic analysis of the national-international relationships, clearly the setting of our foreign currency buying-selling commercial exchange rate, as described above, is appropriate to the relative purchasing power of Vietnamese money compared to the currencies of other countries. In fact, that exchange rate has been and is in the interests of foreign countries. The financial-monetary specialists of other countries and of international organizations, such as the IMF, are very satisfied with the current foreign currency buying-selling exchange rate mechanism in our country.

The foreign currency commercial buying-selling exchange rate of VIETCOMBANK is, of course, usually lower than the black market exchange rate, for if they were identical how could there be a black market? Here it must be clearly confirmed that the state law on foreign currency management never permits a black market in foreign currency. To overcome that problem the state must combine many legal and administrative management measures, combined with the economic measures. It is certain that in the not-too-distant future, when the country's economic-social situation stabilizes, inflation is halted, the value of Vietnamese currency had been firmed up, and our country's international balance of payments has been improved, the commercial foreign currency buying-selling mechanism of VIETCOMBANK will play a more positive role. An important matter is that when the discipline of economic-social laws of a socialist state are based on a spirit of renovation by the leading party, the black market, including the black market in foreign currencies, will eliminate itself, and at that time it is certain that there will be no buying, selling, or bartering of foreign currency outside the banking system.

### **Labor Reorganization at State Enterprises**

902E0219A Ho Chi Minh City SAIGON GIAI PHONG  
in Vietnamese 29 May 90 p 2

[Article by Xuan Huong]

[Text] On 9 October 1989, the Council of Ministers issued Decision 176/HDBT on a number of special policies and measures aimed at reorganizing labor in state-operated economic units during the two years of 1989 and 1990. This is a major party and state policy aimed at alleviating the difficulties of state-operated economic units and assisting to strengthen and develop the economy in general. Since the beginning of 1990, our city has gradually begun to implement this decision. This is a task involving all cadres, workers, and civil servants. Following reader requests, we met with the Office of State Area Labor and Wages of the Municipal Labor, War Invalids, and Social Welfare Service for clarification of this matter and learned the following:

Labor reorganization in state-operated economic units is aimed at making production and business units trimmer and more efficient. Previously, due to state-subsidization, the labor ranks in state-operated economic units were too cumbersome, limiting the operational efficiency of each unit and exceeding the economy's endurance.

Labor reorganization in state-operated economic units is a broad and urgent socioeconomic problem. Successful resolution of this problem will create favorable conditions for state-operated economic units to shift to business accounting practices, and to develop a guiding role in a commodity economy of many components. At the same time, it will most effectively use presently available material facilities and labor forces.

Thus, labor reorganization in state-operated economic units is really not simply a staff reduction. The overall objective is to ensure both economic and social effectiveness.

The paramount mission of state-operated economic units in labor reorganization is to carefully analyze the production capabilities and policies of the state and true market requirements to select traditional and unique products and services able to compete with both domestic and foreign goods. On that basis, reorganize production and business; invest in science and technology; renovate techniques; improve the efficiency, use, and output of machinery, equipment, factories, and shops; reorganize labor with high technology and skilled trades; create high labor productivity and good quality products to achieve the highest results; fulfill obligations to the state budget; increase capital accumulation; and ensure unceasing unit development. Potential capabilities of the remaining material facilities and labor may be thoroughly exploited to meet every social requirement following a course of goods diversification, job diversification and comprehensive business enterprise development.

In measures of solution, for labor not needed for production but which cannot be immediately reorganized, it is possible to:

- Arrange alternating jobs and furloughs by the month, week, or day.
- Reallocate labor, especially technical labor, from locations with surpluses to those with shortages. Reallocation from one sector or local area to another must be made through area and territorial job training and recommendation centers.
- Organize training and retraining of laborers with no or weak trade skills aimed at providing them with favorable conditions when seeking work in other economic components.

Gradually shift unnecessary laborers to work in other economic components. The provision of one-time severance bonuses is only the final measure in labor reorganization.

The labor reorganization this time is truly a great movement, has profound economic and social significance, and is directly related to the employment and lives of the laborer. Therefore, according to the Council of Ministers decision, it is necessary to:

- Thoroughly prepare and carefully and firmly implement reorganization with appropriate, key and central steps following a mat-rolling style without impetuosity or overlapping resolution.
- Achieve openness and democracy and ensure equality during the process of labor reorganization, and define and classify those laborers without use requirements.
- Strictly comply with the mechanism ensuring the true ownership rights of the worker and civil servant in formulating and deciding production and business plans and labor reorganization plans on the basis of emphasizing participation of trade unions and other mass organizations. Each problem must be discussed from the bottom up and through conferences or congresses of unit workers and civil servants, allowing each individual to fully recognize that the plans presented for implementation are the most rational.

Ho Chi Minh City has established a committee for guidance in achievement of Decision 176/HDBT and on 13 April 1990, the Municipal People's Committee issued Directive 17/CT-UB on organizing achievement of the Council of Ministers decision. After achievement at a number of points: the Industrial Service, Communications and Transportation Service, Agricultural Service, Tan Binh Ward, Hoc Mon District, etc., implementation will be expanded citywide, and will conclude in December 1990.

The course of labor reorganization is as follows:

- Of the laborers requiring reorganization, young, healthy and educated laborers unable to meet business

and production requirements will be trained and retrained in accordance with Point C of Decision 176/HDBT (estimated at more than 4,000 individuals). Based on the economic development needs of the city, training may be provided in the ready-made clothing, leather shoe and service trades, and in a number of handicrafts.

- Laborers who are old, in poor health, and without trade skills, or those with a poor concept of organization and discipline may be dismissed in accordance with the following systems: Those with 30 years (males) or 25 years (females) of continuous work (five years or less below the age limit) as stipulated in Circular 18/LD-TBXH-TT, 21 October 1989, of the Ministry of Labor, War Invalids, and Social Welfare may be permitted to retire. Those participating in work for 15 years and up may be specifically examined on a case by case basis for disability retirement (as in Point B of Circular 18/LD-TBXH-TT).

The final measure is to provide a one-time severance bonus. Under these circumstances, the city has firmly supervised each specific case with unified and open discussion with local administrative, party, and mass organizations so every worker and civil servant is made aware. Cases used for attacks or to form cliques or factions must be strictly avoided and severely dealt with if they occur.

## SOCIAL

### Laborers in Soviet Union

902E0222 Hanoi DAI DOAN KET in Vietnamese  
9-14 May 90 p 5

[Article by Hoang Hai: "On Vietnamese Laborers Abroad; Embassy and Ministry of Labor Responsibility"]

[Text] During the middle of March, we flew from Moscow to Western Siberia, a location where a fairly large number of our laborers are working. This winter was said to be much warmer than the last. The thermometer was only five degrees below zero. The penetrating wind and snow was incessant and the little more than 1-kilometer stretch of road from the streetcar stop in Prokopyevsk City to the small town of Turgun became longer.

The labor "camp" of Vietnamese workers in Turgun had about 200 men, working in the friends' Construction Materials Production Corporation. The personnel were not great in number but mixed and really complex; more than 100 had just arrived, about 50 had been there a long time, and the remaining more than 50 were new arrivals from the Quang Ninh province construction sector. The unit chief was a laborer during a previous tour. The Quang Ninh worker unit chief, Nguyen Van Ngoc, was fairly young. When we arrived, he was meeting with the chairman of the ward soviet and a number of other



Soviet officials about our workers failing to maintain sanitation around the "camp," which if continued, would result in the "camp" being sealed off with no exit or entrance.

Really, around the area of five-story buildings of the "camp," there were enough examples: old papers, empty bottles, human excrement and animal carcasses. A barrier of garbage surrounded the "camp" area. The district soviet chairman said the people here questioned him about Vietnamese laborers selling liquor, frolicking, etc. I asked Ngoc, "Who is the organization cadre here?"

Hesitating for an instant, the young unit chief replied, "Because there are many teams and units here, there is no organization cadre."

Only then did I learn that due to the signing of a direct contract between two localities of the two countries (Quang Ninh Province and Kemerovo Province), Quang Ninh had sent a labor unit to work in this town and a number of other points in the friends' province. Because the number sent was sufficient for an organization cadre (300 workers and up), the province sent someone to be responsible for this task. To Tu, deputy director of the Quang Ninh Province Building Service.

"Does Tu know the 'camp' is about to be blockaded in the middle of a blizzard?" I asked Ngoc.

"How could he know?" Ngoc asked back. He explained further that because most of the laborers were located at the Kemerovo Province seat, cadres had never accompanied the workers to Tirgun. We heard that after a year of work, he also was fed up and wanted to return!

#### **Workers Ask, "Where Are the Cadres?"**

At the present time in the Soviet Far East, it is probably easier and more convenient for the Vietnamese laborers to return on leave; ships traveling from Vladivostok to Haiphong usually have about 10 tickets that cost about 200 rubles each. Each returnee is allowed to carry three containers. After 7 days at sea, they arrive in Vietnam.

In Vladivostok and Nakhodka, there are 200 workers from Haiphong, accompanying a formation from the Haiphong Building Corporation. According to these workers, prior to their arrival, the recruiting unit conducted no skill or language training. Upon their arrival here, it was the same. Therefore, the wages of most of the workers were lower than the stipulated minimum level of 150 rubles per month. Many became discouraged and feigned illness to "pursue the market" for more money.

Supervising the Haiphong workers here is a command section fully staffed with an office detachment, clerks, drivers, etc. Due to the ease in returning home, the workers stated that a number of cadres in the steering committee regularly did so for "legitimate" reasons to discuss the work. Their leaves were also fairly long.

I asked a responsible individual in our embassy in the Soviet Union about the frequent return home of leadership cadres despite the fact the workers had such a low income they must "pursue the market" like the Haiphong workers. Did the embassy or sources at home (specifically Haiphong City) know? He replied, "Surely the Haiphong leaders know because recently, the deputy director of one district's salt corporation who came over as the command section chief was unable to work and had to return."

Whether the "embassy knew" is clarified by the following.

#### **How Does the Labor Management Section Operate?**

By last March in the Soviet Union, counting only those workers following the route of international cooperation in labor of the Ministry of Labor, War Invalids, and Social Welfare, there were nearly 80,000 individuals working in hundreds of production facilities scattered over six countries. Of this number, most were located in the Federal Republic of Russia with 265 units with a total of 63,000 people; and the location with the least was Lithuania with 50. The most distant location was the Far East, a non-stop flight of eight hours, with thousands of people.

For such a labor "army," the total number of cadres in the management section was not a full 30 individuals, only about one-third of which speak Russian. Dao Khai Hoan, section chief, said, "With many troops and few cadres, it is really impossible for us to visit all the facilities with our laborers. Why? Not many know the language and an interpreter is needed to travel. Some are advanced in age and their health is not good enough for distant travel. I want very much to be present at these facilities but....!"

Workers in distant locations complained to us that wherever they went, they had to go by way of Moscow which was truly difficult. The embassy's guest house is reserved only for the temporary residency of people in country, those passing through from other countries, diplomatic personnel, etc. Our workers are not permitted to rent a room. This is bearable to male workers but truly difficult for a female "hitchhiking" to Moscow. A female worker whose family lives in Dong Da Ward (Hanoi) said that through four years of work in the Soviet Union, she only went to Moscow once where she had to sleep two nights at the train depot.

Our young male and female laborers also related that for a time, requests presented to the consul in the capital was also very troublesome. The cadres responsible for the consul work only a few days each week. Those who come on the right day are lucky, while those who arrive on the wrong day...must wait.

Here is a question for the Ministry of Labor, War Invalids, and Social Welfare: While the number of people engaged in labor management is sufficient, is



their quality consistent? Why can't we quickly arrange for guest quarters for distant workers arriving in Moscow?

#### **The Embassy and the Laborer**

A male worker stated, "Once I had to meet one of the embassy cadres in the guest house and I spotted them packing boxes of goods to send home. Familiar with the four to five cubic meter boxes of my unit, I was extremely dazzled by the boxes of the embassy personnel, the smallest being twice as large, up to more than 10 cubic meters. It may be said that 'anyone with money can send large boxes' but on second thought, the highest salary of an embassy cadre is 250 rubles a month and our salary is about the same. Our monthly expenses amount to about 100 rubles and so do theirs. How can their boxes be so large? There must be some way."

A female worker said, "Everyone has sentimental needs. We sympathize with the visits made by relatives to personnel working at the embassy. However, each person is permitted up to four relatives! Must the difference in privileges between embassy personnel and laborers be so great?"

A cadre from the labor management section said, "Once, to protect the interests of his workers, Hoan met with the general director of the friends' enterprise. When Hoan was introduced as our embassy's labor attache, the general director called for his administrative chief to hold the meeting, said he was busy, and did not continue."

There are many stories about our laborers. However, the ones concerning those responsible for management of our workers in the Soviet Union are the subject of much talk, and the statements made above are only a few worthy of contemplation.

#### **275,000 Unemployed Workers in Ho Chi Minh City**

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[Editorial Report] The Ho Chi Minh City daily SAIGON GIAI PHONG reported on 20 May 1990 that according to Nguyen Van Chi, director of the Municipal Office of Labor, War Invalids and Social Welfare, the city now has 275,000 unemployed workers. Mr. Chi said that the city will be able to find jobs for only about 25,000 people over the next two years. His office is attempting to address the problem by working with 600 industrial enterprises in the city to organize vocational classes for young people and by trying to get permission from the Municipal People's Committee to build a vocational training center at Thu Duc.

The number of people seeking employment has increased rapidly in recent years because of the high dropout rate in junior high schools and high schools in the city—about 45,000 students in 1989 and 65,000 in 1990. In addition, 18,000 soldiers will be discharged in the near future and 8,500 young members of the international labor cooperation force will return from abroad, further exacerbating unemployment.

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